A. I don't know.

The Court: I suspect you have an idea, though.

A. Well, I will say a thousand.

The Court: More than that, aren't there?

Mr. Jaureguy: Between 1600 and 1700, as I understand it.

The Court: You said 1400 people were taking
244 your tickets. A. 1400 doctors, dentists, chiros, naturopaths, wherever our people have been exposed to them.

The Court: Exposed? Yes.

A. We have some large firms who have branch offices in Iowa or Ohio.

The Court: All right.

Mr. Jaureguy:

Q. Since you have been there, has the Industrial gone out and made any agreements with doctors that they would take care of your members? A. Have we made any agreements with any doctors?

Q. Yes. You have some on your staff. I am not talking about Dr. Moore. A. Yes.

Q. But I mean throughout the state, have you had any agreements with doctors that they would take care of your members? A. Well, for instance, at Oregon-American at Veronia, there are two doctors in Veronia who have their private practices, and take care of any people, as far as I know, that come to them, and there were such large numbers of Oregon-American employees who elected to go to these two doctors that, rather than send in statements, we went ahead and paid them a percentage of their gross revenue. If you can call that an agreement—there is nothing—there has never been anything in writing. It was a gentlemen's agreement that they would take care of our people and we would pay them
a percentage off the top. Whether our people went
245 to them or not was up to our people.

Q. How many doctors in Oregon would you say, including Dr. Moore, that you have agreements with, oral or written or gentlemen's agreements or legal agreements or any kind of agreement, that they would take care of your patients and send in tickets? A. We have none.

Q. None except those two? A. No. Down at Westport

we have a doctor, and we have a branch office and equipment, and we pay him a retainer, and we hope our people will go to him, but under their contract everyone can bypass him. He lives in a lumber company's house and he is looked on as the doctor for that community.

The Court: Have you ever been charged with the practice of medicine, your company? A. No, not as far as I know. I don't know of any charge.

Mr. Jaureguy:

Q. I think this was before you were with the company, but the first time they pulled over into Washington I know they had trouble because it was contrary to the laws of Washington to do business, as was generally done by the company, with respect to practicing medicine? A. I don't know about that.

Q. Have you ever been advised of the decision of the Supreme Court of California that doing business as your company did in the '30s was practicing medicine?

246 A. I learned it when you brought it up.

Q. You made the statement that, generally speaking, you have more trouble in processing accounts when the bill is rendered to the patient comes to you by the patient than when the doctor accepts the ticket and sends you the bill. That is the general rule, is it? A. Yes.

Q. But there are exceptions, I take it? A. That is right.

Q. In other words, sometimes you handle it without any trouble where they don't accept tickets and sometimes you have trouble in processing them when they do accept tickets? A. Yes.

Q. That is just a general rule when you say you have more trouble when a doctor does not take tickets and you get the bill from the patient? A. It is the general rule. It is more often than not that the statement comes in in a flat sum, you know how it is, $30 for professional services rendered. That does not give you very much to go on.

If it were possible to write an insurance program that would cover every condition, every situation, and every feature, then, of course, there would be no problem, would be no claims, and you would pay it.

The Court: Do you have family coverage? A.

247 Yes.

The Court: What percentage of your business is family coverage?

A. A very small percentage. It is now just starting.

The Court: What percentage of your business is non-industrial? Banks, department stores and the like?

A. We don't have a great deal of that. I would say probably 30 per cent.

Mr. Jaureguy:

Q. As I understand it, companies that go under the name of insurance companies, the Travelers' Insurance Company and the Aetna Insurance Company, and the Continental Casualty Company, and others of that type, write coverages under indemnity for doctors' bills, and they do not have this ticket arrangement, do they, as far as you know? A. As far as I know, that is right.

Q. They have their schedule, too, on their insurance policies, very often?

Mr. Marcus: I object on the ground of irrelevance, your Honor. We are getting pretty far afield.

The Court: Oh, yes, indeed. Go ahead, Mr. Jaureguy. It is that kind of a case, Mr. Marcus.

Mr. Jaureguy:

Q. You say you lost an account in Clackamas County? A. We used to have one of the paper mills there.

Q. One of the paper mills? A. Yes.

248 Q. The Crown-Zellerbach? A. I am not sure whether it was the Crown-Zellerbach or whether it was with Hawley. I don't know if that was the old name or not, but it was prior to my being there.

Q. Prior to your being there? A. Yes.

Q. Was it lost while you were there? A. No, it was lost before I came. All I know about it is from the records that I pulled out of Mr. Kirk's desk, and the salesmen who attended the meetings when we were trying to save it.

Q. As far as you know, the only way we could find out would be from salesmen or from your records as to their reason? A. Or the company.

Q. That account was lost before you got there? A. That is right.

Q. So, when you gave this estimate of 25 accounts that had been lost on account of the doctors' non-cooperation, that includes some that were lost before you got there? A. Oh, yes.

Q. That goes back how far? A. As far back as our letters that I took out of our files.

Q. The letters go back to 1936? A. Whatever the dates are.

Q. Whatever the dates are? A. Yes.

249 Q. In other words, between 1936 and the present time you estimate that the company has lost 25 accounts on account of non-cooperation of doctors? A. I would say that, yes.

Q. Could you tell us how many they have lost on account of non-cooperation of doctors, since 1941? A. No, I can't.

Q. In order that I may be sure that I am not mistaken, Exhibit 1853, this list of doctors, that is the list of what you might call non-cooperating doctors since you have been there? A. Yes.

Q. You don't know whether any of these doctors took tickets at sometime prior to the time you went there? A. No.

Q. You don't know that? A. No.

250 Q. Are you sure that these names here represent people that are living? A. Well, it may be there is one there that isn't.

Q. Which one? A. Kresse, or whatever his name is. There is a Dr. Krause down there at Medford, an osteopath, and I don't know if that is Kresse or K[illegible]use.

Q. But the rest of them you think are all living? A. I may have some dead men in there. I don't know.

Q. Their obligation to cooperate ceases when that happens? A. That is right.

Q. Is Dr. Flynn still practicing medicine? A. I don't know.

The Court: What difference does that make? He has given a list of those who have not cooperated within a period in connection with the company.

Mr. Jaureguy: That is right.

The Court: What difference does it make whether they are alive or dead or still practicing?

Mr. Jaureguy: It depends on when he died, of course. If he died before this fellow started in, of course, that is different.

The Court: Let's finish with him before we adjourn tonight if we can.

Mr. Jaureguy: One more question.

Q. Do you know if all these doctors have treated
251 patients who are members of your Association?
A. We have issued checks.

Q. Based upon their bills? A. That is right.

Mr. Jaureguy: That will be all.

Redirect Examination

By Mr. Marcus:

Q. Mr. Brunkow, with reference to this list, does this list represent some of the doctors who have not cooperated as far as your records show since the period that you have been associated with the Association?

The Court: That has all been covered.

Mr. Marcus: I would like to clear that up—

The Court: There is nothing that needs clearing up. He says that is so.

Mr. Marcus:

Q. Mr. Brunkow, on cross-examination you made some statement with respect to doctors slipping in tickets from time to time. Did you mean that all of such doctors whose names appear on his list slipped in such tickets, or did you merely have reference to some such doctors? A. I had reference to some of those men on that list.

Q. Now, Mr. Brunkow, both the Court and Mr. Jaureguy have questioned you with respect to the profits of the Association with which you are associated. The question I would like to ask you is whether, based upon your
252 connection with the company, what you know of its affairs, you can state whether in your opinion the operation of the Association would be more profitable if the Association had the cooperation of the doctors.

Mr. Jaureguy: I object to that as a conclusion of the witness.

The Court: He may answer.

A. We would not have to have a large office force sitting there making checks out, as I pointed out a while ago.

Q. Is your answer Yes, then? A. Yes, we would have a better chance.

Q. Now, Mr. Brunkow, the question has been asked you by Mr. Jaureguy respecting your statement on direct examination that in your opinion more than 25 accounts have been lost because of non-cooperation of doctors. The

question I now ask you is whether that statement was based upon the letters you turned over, the Association's records, and what you have been informed by salesmen who have been in the field with these accounts? A. That was based on all three of those sources.

Mr. Marcus: That is all.

The Court: Step down.

(Witness Excused)

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POLLY B. CHENEY was thereupon produced as a witness in behalf of the Plaintiff and, having been first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Marcus:

Q. Mrs. Cheney, are you connected with the Prudential Hospital Association? A. Yes.

Q. In what capacity? A. Assistant Manager.

Q. How long have you been with the Prudential Association? A. Since 1934.

Q. Could you tell us what positions you have held with theAssociation during that time and the approximate periods when such positions have been held. A. Well, I started in 1934 as cashier, and I believe that extended to about 1937, or '38. At that time I was made Vice President of the Association, and acted in the capacity of Office Manager.

Q. Mrs. Cheney, what is the nature of the business of the Prudential Hospital Association? A. Furnishing a prepaid medical and surgical hospital protection for individuals and groups.

Q. Where is the main office of that Association? A. In the Morgan Building in Portland.

Q. Has that been its main office? A. Yes, it has.

254 Q. Since you have been with the Prudential? A. Yes, sir.

Q. At the time of your first connection with Prudential, who was in charge of the Prudential's affairs? A. Dr. A. E. King.

Q. Is he still alive? A. Dr. King passed away September 9th last.

Q. Of this year? A. Of this year, yes.

Q. Was Dr. Steagall associated with Prudential? A.

Yes, he was. He was Secretary-Treasurer from 1927 until the time of his death in 1941.

Q. When Dr. King and Dr. Steagall were alive, did you work closely with them? A. I did, yes.

Q. Mrs. Cheney, I notice on some of the letters that you have turned over to the Court, and which have been marked in evidence, which are signed by Dr. King, the initials P. C. appear in the lower left-hand corner of the document. Can you tell us whether those initials are you? A. They are. Those were dictated letters by Dr. King to me.

Q. Are you familiar with the affairs of the Prudential Hospital association? A. I believe I am, yes.

Q. Pursuant to the request made by members of
255 my staff and pursuant to subpoena issued out of this court did you turn over to the Court documents from the files of Prudential regularly kept and used in its business? A. Yes, sir.

Q. Does Prudential have a sales force? A. Prudential had a sales force up until the war. At that time it was dispersed, and there were no salesmen during the years of the war. I believe there were never more than five, three to five salesmen, at any one time, and only one man in the field—two men in the field; that is, throughout this state on the group contracts. That is, in the city from three to five working up to the year of the war, '41.

Q. Can you recall their names? A. Well, Mr. Ostrum and Mr. Eddy were the field men. Mr. Vetterlein and Mr. Patrillo and Mr. Cox, and the other names have slipped my mind, Mr. Marcus.

Q. Does Prudential have an account in the State of Washington? A. Yes, we have one.

Q. Could you name that account, please? A. That is the J. Neils Lumber Company at Klickitat, Washington.

Q. Is that a large account? A. Yes, it is.

Q. Does the Prudential in carrying on its business cor-
respond with the J. Neils Company? A. Yes, it
256 does.

Q. Does it receive correspondence from that company? A. Yes, it does.

Q. In connection with its business does Prudential correspond with and receive correspondence from employees of the J. Neil Company covered by your policy? A. Yes, sir.

Q. Does the Association carry on correspondence in connection with its business with hospitals in the State of Washington? A. Yes, sir.

Q. With doctors in the State of Washington? A. Yes.

Q. Does the Prudential buy medical supplies and equipment from firms outside the State of Oregon? A. Yes, we do.

Q. Would you say that such purchases annually are substantial in amount and value? A. Yes, I would.

Q. And are communications had by the Association with such suppliers? A. Yes, sir.

Q. Are communications with out-of-state suppliers, subscribers, doctors and hospitals a regular part of the Association's business? A. Yes.

257 Q. Does Prudential Association provide for ambulance service? A. Yes, it does.

Q. Does that ambulance service include transportation between the states of Washington and Oregon? A. Yes, sir.

Q. During the past year did Mr. Belfrey of the Federal Bureau of Investigation contact you with reference to making a study of interstate operations of Prudential as reflected in the records of that Association? A. Yes, he did.

Q. Did you permit such a study to be made? A. Yes, I did.

Q. Were you advised of the particular matters desired to be ascertained from such study? A. Yes.

Q. Did you assist in the preparation of that study? A. Yes, I did.

Q. Do you recall what agents of the Federal Bureau of Investigation, if any, worked in the Prudential's office making this study? A. Of the Federal Bureau, Mr. Marcus?

Q. Yes. A. Yes; Mr. Belfrey and Mr. Bieler.

Q. Do you know who was in charge of that study? A. I believe Mr. Belfrey was.

258 Q. Have you seen the results of that study? A. I have seen their summary sheets; yes, I have.

Q. I show you Exhibit 1444 and ask you whether you are satisfied that the conditions under which the study was made assured its accuracy? A. Yes, I am sure it is accurate.

Q. Now, Mrs. Cheney, has Prudential, to your knowledge, had trouble with doctors refusing to cooperate with the Association? A. I am sorry, I didn't get that.

Q. Has the Association had trouble because of doctors refusing to cooperate with the Association? A. Yes, we have.

Q. Would you tell us what you know of that trouble? A. Now, is this in regard to the J. Neil alone, or is it generally?

Q. Generally with respect to whether the Association has met with opposition by the doctors. A. Yes, we have in various parts of the state, resulting in the employee having to pay his own bill for his services received from the doctors, which worked a hardship on them. They in turn went to their employers, with the receipts, and the employer had to take his office force's time to send the receipts in to us for reimbursement.

Q. How long has that opposition or non-cooperation existed? Has it existed since 1936? A. Yes, it has.

259 Q. Has Prudential received letters from doctors stating they would not accept tickets of Prudential? A. Yes, we have.

Q. And have subscribers turned over to Prudential letters from doctors stating that they would not accept Prudential's tickets? A. Yes, sir.

Q. Has Prudential been advised by subscribers that doctors would not accept Prudential tickets? A. Yes.

Mr. Jaureguy: I want to make my objection that this is not the best evidence. The best evidence is in the file.

The Court: Continue.

Mr. Marcus:

Q. Have your field officers, or should I say field salesmen, brought to your attention from time to time complaints by subscribers, arising from non-cooperation of doctors and difficulties that they have come across because of non-cooperation of doctors? A. Yes, they have.

Q. Would you say that part of your time has been devoted to taking care of these difficulties? A. Yes, it has.

260 Q. Has Prudential been advised by subscribers that because of difficultites arising from doctors not accepting Prudential tickets they were cancelling their contracts with Prudential? A. Yes.

Mr. Jaureguy: I want to object on the further ground that these questions are leading, and particularly this one.

The Court: Continue.

A. Yes, we have.

Mr. Marcus: Has Prudential lost a number of such accounts?

A. Yes.

Q. In your opinion, has the ability of Prudential to compete with such organizations as the Oregon Physicians Service been impaired by the refusal of doctors to accept tickets?

Mr. Jaureguy: I object to that as calling for a conclusion of the witness.

The Court: Answer.

A. Yes, it has.

Mr. Marcus:

Q. I wonder whether you could expand on that somewhat and tell us in what ways. A. Well, the doctors working for Oregon Physicians Service in certain localities had refused to accept the tickets of our subscribers. And as I mentioned that before, that had worked a hardship on the employee. That man probably does not have the money in his pocket to pay the doctor, and he had complained to his employer, and they had notified us of cancellation of the contract, because of the pressure that OPS had
261 put on in that vicinity.

Q. Has that resulted in any extra burden being imposed upon the office force of Prudential? A. Yes. There is work to putting on a contract and expense, and you lose it—

Q. Do you know whether certain employer accounts have persons in their employ who are designated to collect the medical bills of employees covered by your policies and forward them to the Prudential? A. Yes, it is customary for the timekeeper or bookkeeper to do that.

Q. Is that more true in areas where doctors refuse to accept tickets than where they do? A. Yes.

Q. When subscribers write to the Association that they have paid a doctor themselves because he would not take a ticket, what does the Prudential ordinarily do? A. If that letter is accompanied with the itemized bill, and a diagnosis, we pay, we reimburse the subscriber. If it is not, it entails the writing of another letter to the subscriber, and that in turn requires him to make a trip in to the physician to get his information, which may be a forty or fifty mile run, take him off his job, and he loses time and loses income, and in turn has to write back to us, and the whole procedure over again.

262 Q. I gather, then, that in the normal running of its business Prudential requires an itemized statement from a doctor before it pays the bill, is that correct? A. Yes.

Q. In the case of doctors who do not accept Prudential tickets do you have more difficulty getting such statements than in the case where doctors accept those tickets? A. Yes.

Q. And when a doctor does not accept Prudential tickets, does that normally cause some delay on the part of Prudential in making payment for medical service? A. Yes, it does.

(Thereupon an adjournment was taken until Thursday, October 20, 1949, at 10:00 a.m., after which the following proceedings were had out of the presence of the Court:)

Mr. Marcus: I should like at this time to offer into evidence the depositions of John William Bieler, J. Donald Reed, and Norman B. Belfrey, taken in behalf of plaintiff on June 8, 1949. I understand that the copy filed with the Clerk of the Court may be considered the copy offered in evidence.

(Plaintiff's Exhibit No. 1856 was reserved for the above-described deposition)

Mr. Marcus: I now offer deposition of Sister Rose Imelda taken in behalf of plaintiff July 27, 1949.

263 (Plaintiff's Exhibit No. 1857 was reserved for the above-described deposition)

Mr. Marcus: I now offer all of the deposition of Clyde C. Foley, taken on June 15, 1949, with the exception of so much as appears on page 38, starting with, "Oh, yes, many of those standing committees," to that portion of page 39, which states, "That is correct."

(Plaintiff's Exhibit No. 1858 was reserved for the above-described deposition)

Mr. Marcus: I now offer into evidence depositions of witnesses in re production of documents and hearings before the Court in relation thereto, taken September 7, 8, 9 and 12, with the exception of so much as appears on page 99, starting with, "Mr. Foley: There is no relationship between them," over to page 100 at the place where it is stated, "on the board of trustees of Northwest Hospital Service plan."

(Plaintiff's Exhibit No. 1859 was reserved for the above-described depositions)

Mr. Marcus: I now offer into evidence the deposition of James L. Sears, taken on October 7, 1949.

(Plaintiff's Exhibit No. 1860 was reserved for the above-described deposition)

Mr. Marcus: I now offer the following answers to interrogatories filed by the defendants. This offer is made subject to what the other proof in the case may show.

264 With respect to the answers filed by the Multnomah County Medical Society we offer in evidence Answer No. 4 and Answer No. 14, subsection (a), Answer No. 15, and Answer No. 7, to the extent of the statement that methods of operation by certain prepaid medical care concerns were inferentially disapproved. With respect to answers filed by the Oregon Physicians Service we offer in evidence Answers 1, 3, 4, 6, 8, 10, 11, 12, 13, 16, 19, 21, 25, 30, and the first sentence of 18.

(Plaintiff's Exhibit No. 1861 was reserved for the above-described documents)

265 With respect to the answer to interrogatories filed by the Oregon State Medical Society we offer Answer 1, 2, 3, 4, 5, 22, 23, 25, 27, and so much of Answer 12 as starts with Line 23 on Page 11, and continuing to the end of the answer. We also offer the first two sentences of Answer No. 26.

(Plaintiff's Exhibit No. 1862 was reserved for the above-described document)

With respect to the answers to interrogatories filed by the Marion-Polk Counties Medical Society we offer the first two sentences of the third answer, as well as the fourth sentence.

(Plaintiff's Exhibit No. 1863 was reserved for the above-described document)

With respect to the answers of the Columbia County Medical Society we offer the third answer.

(Plaintiff's Exhibit No. 1864 was reserved for the above-described document)

With respect to the Clatsop County Medical Society we offer the first sentence of the third answer.

(Plaintiff's Exhibit No. 1865 was reserved for the above-described document)

With respect to the Clackamas County Medical Society we offer the fourth answer and the first sentence in the third answer.

266 (Plaintiff's Exhibit No. 1866 was reserved for the above-described document)

With respect to the answers filed by the Jackson County Medical Society we offer Answer No. 3 and the first sentence of Answer No. 1.

(Plaintiff's Exhibit No. 1867 was reserved for the above-described document)

With respect to the answers filed by Douglas County Medical Society we offer Answer No. 3.

(Plaintiff's Exhibit No. 1868 was reserved for the above-described document)

Mr. Jaureguy: Let the record show that the Court has not been present during any of these offers, and accordingly the defendants will reserve their objections or an application to the Court for an extension of time to make objections, pending a further inspection of the documents offered, until some future time when the Court is in session.

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267 Court reconvened at 10:15 o'clock, A.M., Thursday, October 20, 1949.

Mr. Jaureguy: If your Honor please, I find that yesterday I made a misstatement in answer to a question from the Court as to the number of doctors in Oregon. I would like to correct it and state that my information is that at the present time there are 1562, and in 1948 there were 1468 Doctors of Medicine.

POLLY B. CHENEY, a witness produced in behalf of the Plaintiff, thereupon resumed the stand and was further examined and testified as follows:

Direct Examination (Continued)

By Mr. Marcus:

Q. Mrs. Cheney, have you examined Exhibits 851 to 874, 876, 1127 to 1248, 1284 to 1297, 1268 to 1276, 1277 to 1283, 1378 to 1739, and 1763 to 1799? A. I have.

Q. Are those photostats of documents taken from the files of Prudential and regularly kept there in the regular course of its business? A. They are.

Q. Mrs. Cheney, you mentioned the other day that Prudential had an account in Washington known as the J. Neils Company. The question I am asking is, have some of the employees of that company coming to Oregon
268 for treatment by doctors in Oregon had their tickets refused by doctors in Oregon? A. Yes.

Mr. Jaureguy: I object to that on the same ground, it is not the best evidence.

The Court: Overruled.

Mr. Marcus:

Q. Has Prudential had occasion to take up with the J. Neils Company matters arising out of such refusals? A. Yes.

Q. Mrs. Cheney, I show you a Prudential contract marked as Exhibit 1848, and ask you to state the approximate years during which this contract was used by Prudential. A. This contract was in effect from 1930 to 1937.

Q. I show you a Prudential contract marked as Exhibit 1849, and ask you to state with respect to this contract the approximate years during which it was used by Prudential. A. I believe this one was in effect from 1937 to 1943.

Q. I show you a Prudential contract marked as Exhibit 1850, and ask you the approximate years during which this contract was used by Prudential. A. This contract became effective in 1943 and ran until '47.

Q. I show you a Prudential contract marked 1851, and ask you the approximate years during which this contract was used by Prudential. A. This contract became effective in 1947 and is still in use.

269 Mr. Marcus: May I have this document marked for identification.

(A sheet containing a handwritten list of names was thereupon marked Plaintiff's Exhibit No. 1869 for identification)

Mr. Marcus:

Q. I show you a document which has been marked for identification Plaintiff's Exhibit 1869, and ask whether that contains a list of the names of some of the doctors who have refused Prudential tickets. A. Yes, it does.

Mr. Marcus: I would like to offer that in evidence.

The Court: Admitted on the same terms as the other exhibits.

Mr. Jaureguy: May we reserve our objection to the future?

The Court: Yes.

(The document above-referred to was thereupon received in evidence as Plaintiff's Exhibit No. 1869).

Mr. Marcus:

Q. Mrs. Cheney, do you have any knowledge of any trouble that Dr. King had with the local medical county society because of his association with Prudential? A. No, I don't personally have any of the information on his trouble.

Q. Do you have any such knowledge with respect to the trouble Dr. Steagall had with the local county society?

A. Yes, I do.

270 Q. Would you explain what you know about that trouble.

Mr. Jaureguy: I object to that on the ground it is hearsay.

The Court: Let's see what she has to tell.

A. In 1936—

The Court: Then you can move to strike if it isn't within her personal knowledge. We will see.

A. —while acting as office manager of Prudential Hospital Association Dr. Steagall, who was then Secretary-Treasurer of the Association, was called before the Medical Society hearing.

The Court: How do you know that, Lady, just from him telling you?

A. He told me, and I saw his letters to the Society.

The Court: Those letters are all in, aren't they, Mr. Marcus?

Mr. Marcus: Well, there are some letters which we have, which we have gotten from Prudential. We have, of course, never secured any correspondence from the defendant.

Mr. Jaureguy: We produced all the letters of all those doctors that we have, and I think all that were written.

The Court: Yes: Well, you are saying you have no further correspondence covering this incident?

Mr. Jaureguy: I am rather certain we haven't. We searched for the correspondence they asked for, which I think was all of it. I would have to look at the order first. And we have produced everything we can find.

The Court: Well, will you make sure you have
271 produced everything on that subject?

Mr. Jaureguy: I will say that we have made sure, but there is always a chance that in—

The Court: I know that.

Mr. Jaureguy: Yes. We have made sure.

The Court: Then you will have to stand on that record, Mr. Marcus, rather than on her hearsay testimony.

Mr. Marcus:

Q. You were working very closely with Dr. Steagall in the office at that time, were you not? A. I was, yes.

Q. At the time Dr. Steagall had his trouble with the Society did he appear to be adversely affected physically by that trouble? A. He was.

Q. And did he did shortly thereafter?

Mr. Jaureguy: I object to that as incompetent, irrelevant and immaterial.

The Court: Sustained.

Mr. Marcus:

Q. Mrs. Cheney, I show you a document which has been marked as Exhibit 863 and ask whether you can explain this document. A. This was a case of a doctor refusing to accept our hospital ticket and requesting the patient to pay him in advance for his service.

Q. I show you Exhibit 864 and ask you to explain
272 this document.

Mr. Jaureguy: Well, in view of her explanation of the other document I will object on the ground it is not the best evidence. The document speaks for itself.

The Court: Answer.

A. This is another example of the refusal of this firm to accept Prudential Hospital Association tickets.

Mr. Marcus:

Q. And I hand you also Exhibit 867 and ask is that true also of Exhibit 867. A. Yes, that is true.

Q. Now, is that true also of the first two pages of Exhibit 870? A. Yes. This is the same firm of doctors again refusing tickets, and also another firm.

Q. I show you Exhibit 874, which is a letter from the Pacific Logging Co. to Prudential Hospital and ask whether the Prudential received that letter it lost that account. A. We did.

Q. I show you Exhibit 1308, which consists of correspondence between Prudential and someone in the State of Washington, and ask whether this is typical of the correspondence between Prudential and subscribers in Washington.

Mr. Jaureguy: I want to object to that on the ground that the witness on deposition has already testified that she has brought in all the documents called for by the subpoena, and if there are other documents of which
273 this is typical they are already in the files.

The Court: Objection sustained.

Mr. Marcus: Your Honor, I would like to be heard on that, because that does not happen to be the situation. With respect to correspondence, ordinary correspondence, going between Prudential and outside the state we merely asked for type examples. We did not ask for all that correspondence. When we asked for all the correspondence, we asked for all the correspondence relating to doctor troubles, but we never asked in our subpoena for all the correspondence between Prudential and out-state subscribers because that would have filled up the Court, and I am merely using this to bring out that this is the typical type of correspondence between Prudential and someone outside the state.

The Court: Who is that with, what kind of people?

Mr. Marcus: J. Neils Lumber Co. and someone covered by the contract, some employee of J. Neils.

The Court: I don't imagine they have many other out-of-state contracts, did they?

Mr. Jaureguy: I think she said only one.

Mr. Marcus: I understand J. Neils is the only account, but it is a substantial account. That is the reason I have only taken this one piece of paper between Prudential and J. Neils to ask her.

The Court: Your question is whether she really
274 had other correspondence like that with J. Neils Co.

Mr. Marcus: Well, I will ask that question.

A. Yes, we did.

275 Mr. Marcus:

Q. Mrs. Cheney, did Prudential at one time have as an account the City of Astoria employees? A. Yes, we did.

Q. Could you tell us what occurred with respect to that account? A. Due to the failure of the doctors to cooperate with the Association and accept our tickets—

Mr. Jaureguy: I move that portion be stricken, your Honor.

The Court: Read it.

(Last answer read.)

The Court: Go ahead and finish.

A. —we were notified by the City of Astoria employees association that they wished to cancel our contract.

Mr. Marcus:

Q. Was that contract canceled? A. Yes, it was.

Q. Mrs. Cheney, do you know the area of the state covered by the Mid-Columbia Medical Society? A. Well, that takes in The Dalles and Hood River.

Q. Mrs. Cheney, I show you Exhibit 1239, which consists of several communications between Prudential and the O'Brien Spruce Co. and ask whether after this correspondence was sent and received the Prudential lost that account. A. We did.

Q. I show you Exhibit 1241, which is a letter from Ford M.—it looks like Converse—of the C. & H. Logging Co. to Prudential. A. Yes.

276 Q. And I ask whether after receiving that letter that account was lost. A. We did lose that account.

Q. I show you Exhibit 1248, which is a letter from the Central Willamette Lumber Company to Prudential and ask whether after receiving that letter the Association lost that account. A. We lost that account following this letter.

Q. I show you Exhibit 1793, which is a Prudential circular and ask the approximate years during which that circular has been used by Prudential. A. Well, that was started approximately in 1938, I would say, and is still in our files. We don't use a great many of them.

Q. Mrs. Cheney, would you tell us what you know about a Dr. Hester, R. N. Hester. A. Dr. Hester had written

to Dr. King inquiring about the possibility of coming into our clinic, being associated with us,—

The Court: That is all covered in that correspondence. I remember that quite well. She couldn't add anything to that correspondence, could she?

Mr. Marcus: Well, I wanted to find out whether she was personally familiar with that.

The Court: What difference would that make? It is covered by the correspondence. Hester wrote he was figuring on coming in, and then he wrote and said he couldn't come and gave his reasons for it.

277 Mr. Marcus: All right; I will withdraw that question. You may inquire.

Mr. Jaureguy: I wonder if I could get the documents you have been referring to here and also—

Cross Examination

By Mr. Jaureguy:

Q. This Exhibit 1793, do you recall now what that is? A. Yes.

Q. It is a circular which you say you have been using since 1938? A. Yes.

Q. And you are still using? A. That is right.

Q. That, I take it, as a type of advertising that you use? A. When people request some information on our individual coverage this is given to them. If after reading it they desire a contact with the Association, we furnish it.

Q. In this circular you say, "Among the services provided are medical and surgical services at the offices of physicians and surgeons designated by the Association." A. That is right.

Q. That is, you designate the doctors that they will go to? A. On the individual contracts we do, yes.

Q. Oh, on individual contracts you have your certain doctors in various communities and you designate

278 them? A. In Portland only.

Q. Do you sell individual contracts other than in Portland? A. We had not until the last ~~two months.~~ We do now.

Q. And is this literature only sent to people who have individual contracts? A. Who are interested in individual contracts, yes. That is not sent to the ones who have contracts.

Q. And it isn't sent to the persons who are interested in other types of contracts? A. By "other types" would you mean the group?

Q. The industry, group contracts. A. No; no, it is not.

Q. And how many of these individual contracts, about, do you have? A. At the present time?

Q. Yes. A. Well, I would think there would be several thousand. That is just a guess. I don't know.

Q. And they are all in Portland? A. Yes.

Q. And which doctors do you have in Portland that take care of those individual contracts? A. At the present time or during the period that—

Q. Well, we will say during 1948. A. 1948. The individual contract that was in effect in 1948 required
279 the patient to look to the Association for service. They come to our clinic and we assign them to a doctor. There was always a doctor on duty in our clinic. At the present time it is Dr. Epeneter. In 1948 it was Dr. Hall.

Q. And when they came to the clinic then you assigned them out to doctors in the city?

The Court: No, clinic doctors, clinic staff.

Mr. Jaureguy:

Q. Oh, when they came to your office you assigned them to one of these doctors that you named? A. Yes.

Q. And how many doctors are there in the clinic now? A. At the present time there is just one on duty.

Q. And that is who? A. Dr. Epeneter.

Q. And he is the only one? A. At the present time, yes.

Q. At the clinic. In 1938 you had contracts for individual coverage, in 1938? A. Yes, we did.

Q. And they were handled in the same manner? A. Yes. We had a much larger staff of doctors at that time, however.

Q. Were your group contracts covered the same way then? A. No, they were not.

280 Mr. Jaureguy:

Q. How were they handled? A. Doctors in the locality in which the contract was written who will accept the tickets were paid direct for services.

Q. In 1938 did you have certain doctors that you dealt with or did you deal with all the doctors? A. All the doctors who would accept tickets.

Q. In 1938? A. Yes. Now, that is on the group, not on the individual.

Q. That was true in 1938? A. That was true in 1938.

Q. And that is the same rule now? A. Yes.

Q. You have been with the Prudential since 1934? A. That is right.

Q. Your present position is Assistant Manager? A. That is right.

Q. How long have you had that position? A. Well, of course, during Dr. King's illness I had acted in that capacity for some time. I didn't have a designated title but—

Q. I think you started in— A. —as cashier, yes.

Q. As cashier? A. Yes, and then Office Manager.

Q. How long has it been since you have been exercising what might be called executive or managerial duties? A. Since 1941.

Q. Since 1941? A. Yes.

Q. So you have been in close contact with the affairs of the Association for many years? A. Oh, yes.

Q. I am going to hand you Exhibit 855 and ask you to look at the third letter there, which is a letter from a Doctor of Dentistry in Eugene. You notice in that letter the doctor says he will be glad to work for the Prudential but that he refuses to work for many of the other hospital associations because of their pinch-penny methods and unwillingness to allow any latitude in professional judgment.

Did you come across, very often, doctors who differentiated between your Association and others on account of the others' pinch-penny methods and their refusal to allow any latitude in professional judgment? A. I wouldn't say there were many instances, no. There were a few.

Q. These doctors sometimes said they would work for Prudential but did not like the pinch-penny or chiseling methods or something of that kind of other associations? A. That expression was never used in any letter.

The Court: That "chiseling" is Mr. Jaureguy's.

Mr. Jaureguy:

Q. That is my expression, but "pinch-penny" was the doctor's expression. A. No, I have never seen that expression used. They said they would be happy to work for our Association.

Q. And differentiated yours from the others on account of the methods of the others? A. No, I don't believe so.

Q. Referring particularly to that statement that was made by this doctor— A. Yes, this is a dentist.

Q. Occasionally other doctors would tell you similar things, that they did not want to work for the others that had pinch-penny methods and did not allow sufficient latitude in professional judgment? A. No, I can't say that I have any knowledge of that, Mr. Jaureguy. The only statement would be that they would be happy to do work for our Association.

Q. I wonder if you know what were referred to there as being unwilling to allow any latitude in professional judgment? A. Oh, probably—

Mr. Marcus: Object to that on the ground it calls for a conclusion of the witness.

The Court: Sustained. Dr. King was a good letter-writter?

A. Yes, he was.

The Court: I guess everybody can tell that from 283 his correspondence.

Mr. Jaureguy: Yes.

Q. I think I would like to show you one of Dr. King's letters.

The Court: Was he related to another Dr. King in the city?

A. No, Dr. Short was his brother-in-law.

The Court: Dr. Short, the young man?

A. That is Dr. Short's nephew; Dr. Joe Short.

The Court: Oh, yes.

Mr. Jaureguy:

Q. You, of course, were with the company in 1944. I show you the first page of Exhibit 858, which is a letter from Dr. King to the recorder or secretary of a labor union. I think it is the second paragraph that I have particular reference to. A. It is very hard to read.

Q. Yes, it is hard to read. A. Yes.

Q. Do you find the second paragraph and the statement by Dr. King: "To date we haven't had any doctor in any town or city who has refused to accept our identification slips and bill us direct, although I had understood some hospital associations were having trouble with the doctors in Astoria who were refusing to bill the Association." Can you read that? A. Yes, I do, Mr. Jaureguy.

Q. Do you remember the occasion of that letter being written? A. No, I don't.

284 Q. Was Dr. King correct when he stated in that letter that you were having no trouble—that there is no doctor in any city or town that is refusing to accept your identification slips or bill you direct? That was in March, 1944, you will notice.

(Letter from Exhibit 858 is as follows:)

"March 4, 1944

"Anton Riess,
Recording Secretary
Local No. 2805
Klickitat, Washington

"Dear Mr. Riess:

"Enclosed will kindly find check for two dollars, M. A. Bennett. We are, of course, returning the drug bill as we do not pay for medicines.

"We are writing The Dalles Clinic today, regarding their not accepting hospital association identification slips. As I stated in my former letter, we had paid bills to The Dalles Clinic last month for the employees of the J. Neils Lumber Company they had seen in January and they had not notified us that they were not taking hospital association identification slips. We have not as yet this month received bills from The Dalles Clinic, but their bills are usually a little late in arriving. We have, however, to date received bills from Dr. Morse and the Mid-Columbia Hospital for February business.

"I have been advised there had been a movement
285 by the State Medical Society of Oregon, to persuade the physicians and surgeons in different localities not to accept the identification slips of any hospital association, but to collect directly from the employees and have the association reimburse him. The State Medical Society's contention is, that no pre-paid medical plan in ethical, but to date we have had no doctor in any town or city who has refused to accept our identification slips and bill us direct, although I had understood that some hospital associations were having trouble with the doctors in Astoria, who were refusing to bill the associations.

"When I hear from The Dalles Clinic I will advise you.

"Regarding Mr. Ostrom visiting Klickitat, he, of course, would have nothing to tell the Union, as he knows even less about this matter than I do.

"Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION.

A. E. KING, M.D.
President"

The Court: That might be what the English call "puffing."
Mr. Jaureguy: That is possible.

A. He was English, by the way.

The Court: He was English?

A. He was English. I would only guess that he is
286 referring to that vicinity. We had not had trouble with doctors in the vicinity.

Mr. Jaureguy:

Q. "No doctor in any town or city." This was referring to The Dalles, Oregon? A. No, I wouldn't know. Apparently that was not a letter dictated to me.

Q. Then he states that he understands they are having trouble in Astoria. Astoria was a hundred miles away from this spot. A. We had nothing in Astoria.

Q. I understand, but he probably was not referring to The Dalles or Hood River or Mosler? A. I think he could have been.

Q. When he said no doctor in any town or city has refused to send you tickets, but in Astoria some of the others were having trouble— A. I can only suppose, because this letter I do not believe was dictated to me. It hasn't my initials.

Q. What is your recollection of the situation as it existed when this letter was written in March, 1944? Was he substantially correct when he said you were having no trouble? He said that you had had no trouble with any doctor. A. In that vicinity, I don't believe we had had. The correspondence, I think, will verify it was in 1945 that the doctors in The Dalles began to refuse tickets. They had taken them prior to that refusal.

287 Q. And since then they have taken them, too, haven't they? A. That is right.

Q. At the present time the doctors that wrote these letters that show in that and other exhibits from Wasco County have taken tickets again, haven't they? A. Most of them. I believe there are some— Yes, I know there are some who still do not.

Q. In March, 1944, in what place in the State of Oregon were you having any trouble with doctors not taking tickets? A. That would be just general. You couldn't pin it down to any one vicinity. There were doctors in all vicinities where we had contracts who would take our tickets and doctors who would not.

Q. Dr. King, then, was mistaken in saying that you had no trouble in any city or town? A. I would judge he is referring to the vicinity that this letter was addressed to. That is just my supposition, because I can't tell what was in his mind.

Q. Did you read these letters before they were given to the Government attorneys; I mean when you picked them out? A. I didn't pick them all out. They picked out some. I read most of them, yes.

Q. Did you discuss them with the Government attorneys? A. Yes, some of them; not all of them.

Q. Did you discuss this one with the Government
288 attorneys? A. No, I didn't.

Q. You did not? A. No.

Q. I do not suppose you could give us an estimate of the number of doctors in March, 1944, in the State of Oregon who were refusing to take your tickets? A. No, I could not.

Q. Would it be as many as 15, usually, would you say? A. Yes. Yes, I am sure it would, because in some of these clinics there are four or five doctors. There is one clinic here that has four or five doctors.

Q. That, however, you said happened in 1945, that clinic in The Dalles. A. There were other clinics who refused tickets.

Q. When this letter was written in March, 1944,— A. Yes.

Q. Suppose we call each clinic one. When this letter was written in March, 1944, would you say there were as many as 15 in the state that were refusing tickets? A. Yes, I think so.

Q. Would you say there were as many as 30? A. That I would not know.

Q. I take it your best estimate is that in 1944 there

were somewhere between 15 and 30? A. Well, I think that would be a reasonable picture, yes.

289 Q. I am interested in this hand-written list of doctors. Here is a list of nine doctors and, as I recall, you said that these doctors are not now taking tickets.

The Court: Exhibit number?

Mr. Jaureguy: Exhibit 1869.

Q. Would you like to see that again? A. Yes, I would, please. That is right.

Q. Is that your handwriting? A. Yes, it is.

Q. How did you happen to draw up that list? A. Well, I was asked whether there were doctors I could select from a total list that were not accepting our tickets, and these I am sure of.

Q. That is the total number of doctors now in Oregon that you are sure of? A. Oh, no.

Q. Have you another list, is that it? A. Yes.

Q. Was that list typewritten or mimeographed or what? A. No, it was just a list of doctors.

Q. Then they handed you a list? A. Yes.

Q. Was that in pen and ink, typewriting, or mimeographed? A. No, it was just in longhand.

Q. Just in longhand? A. Yes.

290 Mr. Jaureguy: I wonder if I could get that other list that we had?

Q. Handing you Exhibit 1853, I will ask you if that is the list they handed you? A. It does not look like it, no.

The Court: Ask the Government lawyers.

Mr. Marcus: There were some differences in that list, your Honor, from the one—

Mr. Jaureguy: From the one handed her?

Mr. Marcus: Yes.

Mr. Jaureguy: I wonder if you have here now the list that you handed her.

Q. The list that they handed you, would you say it was longer or shorter, a longer or shorter list than Exhibit 1853? A. May I see it again? There are only two pages on this. I think it was about the same length.

Q. About the same size? A. Yes, but I do not believe this is the one I saw. In fact, I am sure it is not.

Q. Did they discuss with you anything about the doctors who were on that list? A. No.

Q. This Exhibit 1869, those are the doctors who are on the other list who do not now accept your tickets?

291 A. That is right.

Q. There is a bracket around three doctors' names. A. They are in one clinic.

Q. They are together? A. Yes.

Q. How did you learn that these doctors did not accept your tickets, those on Exhibit 1869? A. I have had to reimburse the subscriber direct for services rendered by these doctors who are refusing to take our tickets.

Q. How did you know by the mere fact that you reimbursed the patient? What makes you say you are so sure that the doctors refused to take tickets is that the patient and doctors felt the way they did it was the handiest way to do it? A. In each case I believe we were advised by the subscriber or his employer, someone in the employer's office, that the doctors had refused to take these tickets and they were forwarding them to us for reimbursement to their employees.

Q. As I understand it, all the letters gotten from members or employers, stating that a certain doctor would not take tickets, were handed over to the Government? A. Oh, not all, no.

Q. Not all of them? A. That would take up a lot of space, Mr. Jaureguy. There are lots of them. That repeats itself.

Q. The same thing, time and time again? A. Yes.

292 Q. You have handed over to them, however, the letters with respect to any particular doctor, is that it? A. As far as I know, they obtained from our files all the information that they felt was necessary. I did not in all cases hand them over except I gave them access to the files.

Q. And they went through the files and took everything that they thought was necessary? A. Yes.

Q. Yesterday you testified in certain places—I don't know whether generally or just in certain places—that the doctors for the Oregon Physicians' Service refused to accept tickets of subscribers.

I want to ask you how you know doctors refused to take tickets? I want to ask you how you know that the doctors who refused to take tickets were doctors who were working for OPS? A. We were advised by the employer. That is in our correspondence.

Q. You were advised not only that the doctors refused to take them but that the doctors who had refused them were working for OPS? A. Yes, we were.

Q. Do you know what portion of the doctors who were refusing to take your tickets, approximately, are on
293 the cooperating list of OPS? A. No, I wouldn't have that information.

Q. You have never checked that? A. No.

Q. Do you know whether or not there are doctors who refuse to take your tickets who are not on the cooperating list of OPS? A. No, I wouldn't have that information.

Q. This information that you have which the employers gave you, to the effect that doctors who refused to take tickets were working for OPS, those letters have been turned over to the Government? A. Yes, they have.

Q. When a doctor does agree to take your tickets, I take it he agrees to be bound by the rules and regulations of the Prudential Hospital Association, is that correct? A. There is no agreement, Mr. Jaureguy, between the Association and the doctors. They treat the patient and render a bill for their services. There is no agreement between the Association and the doctors as to what he should do and should not do. Am I answering your question?

Q. Well— A. We do not try to dictate to the doctor what he does.

Q. You have made an effort to induce the doctors to take your tickets, haven't you? A. We would like to have them all take our tickets.

294 Q. No. I am asking you whether you have made an effort to induce them to take your tickets? A. I don't understand what you mean by "effort."

Q. Have you ever written— This is just an illustration— A. Yes.

Q. I do not mean to say this might have been the only method, but have you ever written a circular letter sent out to doctors and told them that you would much prefer that they take tickets and send in their bills directly, rather than to treat the patient and give the patient the bill? A. No, we have never sent out circular letters. Dr. King has written personal letters to doctors.

Q. To certain individuals? A. Yes.

Q. Then you don't know whether the doctors in Oregon, those who treat your members, realize that you prefer to have them take your tickets? A. Oh, yes. They understand that.

Q. How do you know that? A. Because the employee presents his ticket which is supposed to entitle him to service without pay.

Q. That is, when he presents one of your tickets to a doctor, he understands, the employee understands from the ticket he is entitled to service without paying anything for it? A. Yes, that is right.

295 Q. Don't you know as a fact that many times employees go to doctors and do not have their tickets? A. No, I don't know that to be a fact.

Q. Well, now, I will ask you this: You have told us what the employee understands. Is it true that where the employee goes to a doctor with a ticket, a doctor of his own choice, that he is entitled to have that doctor treat him, render him service, without paying the doctor for it? A. It states so on the little ticket that he presents to the doctor.

296 The Court: What happens to the tickets? Are they picked up by the doctor?

Mr. Jaureguy: No, I think they are handed—

The Witness: Yes.

Mr. Jaureguy:

Q. Oh, they are picked up? A. They are picked up by the doctor.

The Court: Then how does the working man get a ticket for a subsequent illness?

A. He applies to his timekeeper.

Mr. Jaureguy:

Q. The Prudential Hospital Association has a fee schedule, I take it? A. We have now, Mr. Jaureguy, but that is within the last two months. Dr. King had never put out a fee schedule.

Q. Never before had the Prudential put out a fee schedule? A. No. His agreement in his group contracts, which would cover this question, was that we pay comparable to the State Industrial Accident Commission schedule.

Q. Oh, I see.

The Court: But that didn't cover sickness?

A. No, not some sicknesses, your Honor, but his policy was to pay a comparable fee.

The Court: Yes, but they deal with injuries; they don't deal with sickness.

A. Some illnesses come under the State Industrial.

The Court: But you have a broader service than that?

A. Yes, that is right, your Honor.

297 The Court: So their fee schedule would not cover your total services?

A. Not entirely, no.

Mr. Jauréguy:

Q. Do the contracts provide what the fee schedule will be in cases which are not comparable to the Industrial Accident Commission rate? A. No.

Q. So that neither you nor the employer had any agreement on that? A. No.

Q. The doctors were not parties to those agreements, however, as I understand it? A. No, there was no agreement between the Association and the doctors. They billed us their fee, and we paid their fee.

Q. If it was comparable to the State Industrial Accident Commission? A. That is right.

Q. And if it was not, then you paid one that was comparable to the State Industrial Accident fee? A. I am sorry, I didn't get that.

Q. If the bills that the doctors sent you were not comparable to the fees of the State Industrial Accident Commission, then you paid them a fee comparable to the State Industrial Accident fee? A. If those were conditions that could be compared, yes.

298 Q. Yes. A. Now, for surgery or things that were not covered, we paid their fee.

Q. Then, I take it, that what you said a few moments ago about what the ticket entitled the employee to should be modified to this extent: That he was entitled to services without paying for them, provided he went to a doctor who charged fees comparable to the State Industrial? A. No, I don't believe so. No, I don't think that was necessary. The doctors are pretty well in line on their fee schedules.

Q. They are pretty well in line? A. Yes. There are very few cases where they over-charge.

Q. Well, you mean to say that any time a doctor charges a fee that is higher than the State Industrial Accident fee, he is over-charging? A. As a rule, if a case requires unusual care, they so state. The doctors who cooperate do that, and we pay in excess, the same as the State Industrial pays in excess.

Q. Maybe you didn't understand my question. I would like to have you answer what I intended to ask you, and that is whether you mean to say that every time when there are no extraordinary circumstances that a doctor charges more than the State Industrial Accident fee schedule, he is over-charging? A. I don't believe they charge over and above—

Q. Would you answer the question? Would you
299 say a doctor is over-charging if he charges more than that? A. No, we would have no right to dictate his charges.

Q. Would you say, whether you have the right to dictate or not, that a doctor is over-charging just because he is charging more than that? A. No, I couldn't say that, Mr. Jaureguy.

(Short recess.)

Mr. Jaureguy: I wonder if the Government attorneys have found that list that they gave Mrs. Cheney.

Mr. Marcus: We don't have it here.

Mr. Jaureguy: That will be all, Mrs. Cheney.

Redirect Examination

By Mr. Marcus:

Mr. Marcus: Your Honor, I omitted to have Mrs. Cheney identify a document which does not have a signature. I would like to have permission to have her identify it. It is Exhibit 876.

Q. I will ask you, Mrs. Cheney, if you know who wrote that. A. To the best of my knowledge this letter was written by Dr. Steagall. He showed it to me at the time that he mailed it out.

Q. Mrs. Cheney, you have testified with respect to a circular of Prudential, which apparently concerns individual contracts. Does Prudential have circulars for group contracts? A. No, we don't.

300 Q. Have they had circulars for group contracts the last ten years? A. No.

Q. Now, Mrs. Cheney, when someone comes to the clinic who has an individual contract and needs an operation, does the doctor who is attached to the clinic perform any type of operation that this person needs? A. No.

Q. What happens in that case? A. He is referred to a doctor who does work in that particular specialty.

Q. Now, Mrs. Cheney, to your knowledge were doctors in various parts of Oregon prior to 1944 refusing Prudential tickets? A. Yes, they were.

Q. Mrs. Cheney, have you been advised orally at times that doctors were refusing Prudential tickets? A. Yes.

Mr. Jaureguy: I object to that as hearsay.

The Court: Sustained.

Mr. Marcus: Your Honor, I am merely asking whether she has been advised, and that is in connection with a question asked by Mr. Jaureguy as to whether the documents reflect all the incidents where doctors were reported to have refused.

The Court: All right. Answer the question.

Mr. Marcus: All I want is to bring out the fact

301 A. Yes, I have.

Mr. Marcus: That is all.

Recross-Examination

By Mr. Jaureguy:

Q. This Exhibit 876, did you say you typed it? A. No, I didn't. It was shown to me by Dr. Steagall.

Q. At the time? A. Yes.

Mr. Jaureguy: All right. That is all.

(Witness Excused.)

Mr. Marcus: Your Honor, before calling the next witness I would like to take up a few matters.

First, I would like to offer in evidence the transcript of the disciplinary proceeding had with respect to Dr. Moore. I would like to have it marked at this time.

Mr. Jaureguy: Should we make objections now or reserve them—

The Court: It is admitted on the same terms as the other exhibits, which includes the right to make objections at a later date, but before the conclusion of the trial.

(The transcript of disciplinary proceedings, above referred to, was thereupon marked and received in evidence as Plaintiff's Exhibit No. 1870.)

The Court: Do you want to make some reference to that now?

Mr. Marcus: Yes, I do. I would like to call your

302 Honor's attention to part of an affidavit which was filed in this proceeding, and which the transcript

states is the basis of the charges made against Dr. Moore. I am reading from the second paragraph of that affidavit: "That all of the firms that I have contacted which had contracts with the Industrial Hospital Association informed me that the coverage was available to any of their employees, regardless of salary. For a particular illustration I might point to the Hirsch-Weis Company, Jantzen Knitting Mills, and Iron Fireman Manufacturing Co."

The Court: What is your point?

Mr. Marcus: The point there, your Honor, is to show what purpose these defendants had in bringing these disciplinary proceedings and in their opposition to the prepaid medical care organizations their purpose was to restrain competition, and that is shown because of the point being made and the charges that Dr. Moore and the Association he was affiliated with was making coverage available to employees without regard to their salary.

The Court: Bring me the transcript, Marshal. Call your next witness, Mr. Marcus.

Mr. Marcus: At this time, your Honor, if I may, I would also like to read another exhibit as to which I will not call a witness, but I would like to also call this to your Honor's attention.

The Court: All right. Haven't I read it? What is
303 the number?

Mr. Marcus: It is Pre-Trial No. 1427.

The Court: I have read it.

Mr. Marcus: I don't know whether your Honor paid any particular attention to it.

The Court: Do you want to make a few remarks about it?

Mr. Marcus: I was wondering whether I might read a few paragraphs so it could be called particularly to your Honor's attention.

The Court: Just state your point. Tell me what it is.

Mr. Marcus: This is a letter from the secretary of the State Medical Society to the secretary of the Jackson County Medical Society, dated December 11, 1939, stating the policy of the Society with respect to unapproved plans of prepaid medical care, and stating that those unethical practices were in conflict with the program of the Society, and in general urging that the County Medical Society confirm the policy.

The Court: I have read it, but I will read it again. Bring it up, Marshal.

Mr. Marcus: Now, your Honor, with respect to this letter I would raise this point: It is my understanding

that except for correspondence of, I believe, the Columbia Medical Society, we have not had made available to us the correspondence of any of the other medical societies. It is my firm belief that that type of letter was sent to various county medical societies generally, and that if the defendants were required to produce similar letters from their files, similar letters would be found.

304 Mr. Jaureguy: That is not correct. I mean the last statement is not correct.

Mr. Marcus: We have never had a chance to look at your correspondence.

Mr. Jaureguy: I will have to dispute that. I will have to dispute that.

The Court: Don't bother about that. I will request you now to bring in any letters that you have of this sort.

Mr. Jaureguy: I wonder if I could say a word about that?

The Court: Certainly.

Mr. Jaureguy: And that is, as I advised Counsel, that there is only one Medical Society—two Medical—one Medical Society that saved correspondence, and that is Clatsop County, and we turned that over to Mr. Belfrey in our office, and he went through the Clatsop County file.

Mr. Marcus: But that is a letter from the Oregon State Medical Society, and the point we make is that undoubtedly there must be copies of similar letters.

Mr. Jaureguy: I thought you were objecting that we hadn't turned over to you the files of the other counties in the state.

The Court: Mr. Jaureguy, I will ask you to bring in letters, if there are any, in the Oregon State Medical files of this sort, Pre-Trial 1427, to other County Medical Societies. This is addressed to the Jackson County Medical Society.

Mr. Jaureguy: I wonder if I sometime may have that to let Mr. Foley examine it.

305 The Court: Right now.

Mr. Marcus: May I have this document marked for identification.

(Document of the United States Bureau of Census, so produced, was thereupon marked for identification Plaintiff's Exhibit No. 1871.)

Mr. Marcus: Your Honor, this document which has been marked 1871 for identification is a document which I just received in the mails from Washington today. I

had asked them for it about a week ago. It is an authenticated copy of the official press release of the Census Bureau with respect to metropolitan Portland being deemed to include part of Clark County, Washington, and it is being offered merely with respect to the interstate aspects of the case.

The Court: The Census Bureau can't put Portland in Washington.

Mr. Marcus: Well, it has some probative value, your Honor.

The Court: I don't see it has any. The Census Bureau decision of a hundred years ago, if they thought Portland was in Washington, that wouldn't mean anything to me.

Mr. Marcus: Well, your Honor, it merely has some probative value in that the Census Bureau reports are generally given weight by persons who, business persons, and it is merely for that reason I am offering it in evidence.

The Court: I don't see any point to it.

306 Mr. Jaureguy: I have another ground of objection to it, also—

The Court: Well, you don't need to state it. I exclude it on the grounds I have stated.

Mr. Marcus: Well, your Honor, I would like to—

The Court: You can urge on the appellate court your other grounds.

Mr. Marcus: Well, your Honor, may I make a short statement as an offer of proof?

The Court: Yes, certainly, but state that at recess. Furthermore, I will take judicial notice of it if I deem it of any probative value.

Mr. Marcus: Mr. Belfrey.

NORMAN B. BELFREY was thereupon produced as a witness in behalf of Plaintiff and, being first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Marcus:

Q. Mr. Belfrey, are you an agent of the Federal Bureau of Investigation? A. Yes, I am.

Q. And have you been connected with the investigative stages of this case for some time? A. Yes, I have.

Q. During the past year were you instructed by
307 me to have made a study of the records of the Industrial Hospital Association, the National Hospital Association, and Prudential Hospital Association with respect to its interstate commerce operation? A. Yes, I received those instructions.

Q. And was such a study made? A. Yes, the study was made at the three associations.

Q. Was it made under your supervision? A. Yes, it was.

Q. I show you Exhibit 1445 and ask you whether this is the result of the study made of the Industrial Hospital Association's records. A. These papers are a summary of the study made at the Industrial Hospital Association regarding the interstate commerce aspect of this company's business.

Q. And was that prepared on the basis of worksheets? A. Worksheets were prepared first, and this summary was made from the worksheets.

Q. I show you Exhibit 1742 and ask you whether these are the worksheets of that study for Industrial Hospital Association? A. Yes, these are the basic worksheets prepared at the Industrial Hospital Association.

Q. Mr. Belfrey, would you explain how tha study was carried on with respect to the Industrial Hospital Association records. A. We received a list from your office respecting the particular items upon which infor-
308 mation was desired. We took the list and went through the records of the Industrial Hospital Association with a view to developing that particular information. The information in general regarded the interstate aspect of this company's business.

Q. Was that study made at the offices of the Industrial Hospital Association? A. It was made at their office.

Q. You have used the term "we". Were there other agents of the Federal Bureau of Investigation associated with you in making this study? A. Yes, several other agents were there at the Industrial office with me.

Q. Could you name them? A. At Industrial Hospital Association the Agents there at various times—I might make it clear that the Agents were not there all at the same time, but the study was conducted over a period of a number of weeks—the Agents were Lenn H. Kurtz, John W. Bieler, Frank Sellers, Tom F. Patterson, and myself.

Q. And they worked under your general supervision? A. Yes, they did.

Q. Did employees of the Industrial Hospital Association aid in making that study? A. The employees there did assist and developed some of the information.

309 Q. Do you recall their names? A. Their names are set forth in the work papers in connection with that particular part they prepared. I don't recall any of them offhand; however, they are in the work papers.

Q. I see. There are a number of such persons? A. There were several persons, yes.

Q. Mr. Belfrey, would you turn to the third page of Exhibit 1445. Would you state why the years 1943, 1945, 1948 appear, but no other years? A. I don't know whether I have the same page you have.

Q. It is the fourth page, entitled "Number of Persons Treated Outside the State of Oregon." A. What was that particular question again, please?

Q. The question was, the years 1943, 1945, 1948 appear on this page, but no other years. Now, why was that?

310 A. A detailed study was made for those particular years and these years were believed to be representative of the pertinent period. A detailed study was not made for other years because of the volume of work involved.

Q. Going to the next page, I notice that there are only five years stated on that page, and I ask why there were merely those years set out there. A. That was the same case. A detailed study was made for the years 1943, 1945 and 1948. A detailed study was not made for other years because of the volume of work involved.

However, the years 1946 and 1947 do appear on this schedule but those examples listed were obtained by casual observation without a detailed study.

Q. Going on the next page, No. 4, I note that three years are listed on that page, and I ask why there are not other years appearing on that page? A. That is the same situation as before. A detailed study was made for the three years and not for other years.

Q. Going, now, to the next page, I will ask the same question. That is No. 5. A. In this case, as I recall, the two years set out were the only two years where information was developed. However, other years were examined in this category.

Q. Going over to No. 7, I notice that the data on that page starts with 1940, and I will ask why preceding

years do not appear on that page? A. In this
311 case the records for the preceding years were not available.

Q. Going on to No. 9, I notice that the data on that page starts with 1944, and I ask why the preceding years do not appear on that page? A. The material for the preceding years, or the data, was not available.

Q. Going now to the next page, No. 10, and the next page, No. 11, I notice that there are three years on those pages, 1943, 1945 and 1947, and I ask you why other years do not appear on that page? A. A detailed study was made for the three years appearing on this page, and a study was not made for the other years because of the volume of work.

Q. Going on to the next page, No. 12 and No. 13, I notice that those pages reflect data starting with 1943, and ask you why the preceding years do not appear on this page. A. Information or records for the preceding years was not available.

Q. Going on to No. 18, I notice that the data appearing on that page is assembled on the year starting with 1940, and ask you why the preceding years are not set out on that page. A. The data for the preceding years was not available.

Q. I will ask you with respect to No. 19. A. The
312 same situation exists in No. 19, also.

Q. And with respect to No. 20? A. That is the same, also.

Q. And 21? A. That is the same, too.

Q. Now, I show you Exhibit 1444, and ask you whether this is the result of a study made of the Prudential Hospital Association records with respect to interstate commerce operations of that Association.

Mr. Jaureguy: Could I look at the other exhibit the witness has just finished with?

Mr. Marcus: Yes.

A. Exhibit 1444 is a summary based upon a study made at the Prudential Hospital Association with respect to this company's interstate business.

Mr. Marcus:

Q. I show you Exhibit 1743 and ask you whether these are the work sheets for that study? A. Exhibit 1743 contains the work sheets pursuant to the study at the Prudential Hospital Association regarding the interstate aspects of the business.

Q. Did you supervise the making of that study? A. Yes, sir, I did.

Q. Were there other Agents of the Federal Bureau of Investigation associated with you in making that study? A. There was one other Agent, John W. Bieler.

313 Q. That is a study based upon the records of the Association, is it not? A. That is right.

Q. Turning to Exhibit 1444, and going to No. 2 and No. 3, I notice that in the first data enumerated on that page the years 1947, 1948 and 1949 appear, but other years do not, Can you state why that is so? A. In that case no information was developed for the other years.

Q. At the bottom of the page under the heading where the patient was resident out of Oregon and treated out of Oregon, there is data assembled under the years 1942, 1943 through 1948, but not prior thereto. Could you state why? A. No information was developed for prior years.

Q. Going over to No. 5, I notice that there is data assembled under the years 1943, 1945, 1947 and 1948, and ask you why other years do not appear on that page? A. No information was developed for other years in this case.

Q. Turning to No. 6, I notice that the data there is grouped under the years 1942, 1945, 1946 and 1948. Why do not other years appear on that page? A. No information was developed for other years.

Q. Going over to No. 8, I notice that the data is assembled under 1945, 1947, 1948 and 1949, and I ask why other years do not appear on that page? A. There

314 is no information for other years. Other years were examined, however.

Q. Going over to No. 12 and No.13, on that page is assembled data under the years 1942 through 1948, and I ask why prior years do not appear on that page? A. The only years that were actually examined there were the years beginning with 1942, The reason other years were not examined is at that time, in the year 1942, a large contract out of state was taken on by this company.

Q. I show you Exhibit 1443, and ask whether this is a study made by you and your associates of the records of the National Hospital Association reflecting its interstate commerce operations? A. Exhibit 1443 is a summary of the information developed at the National Hospital Association regarding the interstate aspect of this company's business.

Q. Can you tell us when that study was made, during what period? A. This was made during the first part of September and the last part of August in 1949.

Q. I show you Exhibit 1744 and Exhibit 1745, and ask whether these are the work sheets for that study? A. Exhibits 1744 and 1745 are the work sheets for the study at the National Hospital Association, regarding the interstate character of the business.

Q. Mr. Belfrey, was that study made under your
315 supervision? A. Yes, it was.

Q. Were there other Agents of the Federal Bureau of Investigation that were associated with you in making that study? A. Yes. There were two Agents besides myself. One was David H. Barry and the other J. Donald Reed.

Q. Do their initials appear on the work sheets? A. Their initials do appear on a number of the work sheets.

Q. Do your initials appear on a number of the work sheets? A. I actually did not prepare many of the work sheets in the basic study, and my initals may not show on them. However, my initials will appear on the summary of this study.

Q. Were you aided in making that study by employees of the National Hospital Association? A. Yes, a number of employees there assisted in gathering this information.

Q. Do their names appear on some of the work sheets? A. Yes, their names or initials will appear on work sheets.

Q. Mr. Belfrey, I direct your attention to Exhibit 1443, and with respect to Item No. 1. I notice that the three top columns on the right side of the page are blank. Can you tell us why that is so? A. Years prior to 1942 in these categories were not examined because of the limited time and volume of work it would have taken to develop the prior years.

Q. Going over to No. 2 and No. 3, and taking the
316 data under the heading "Group Contracts," I notice that the data is assembled under the years 1936, 1938, and apparently every two years thereafter. Can you tell us why that is so? A. We took every other year and felt that every other year would be representative, a representative showing, to show the amount of the interstate commerce business. We did not take each year because of the volume of work involved.

317 Mr. Marcus:

Q. Now, going down that page under "Individual Contracts", I notice that the data which appears on that page starts with the year 1940. Why is there not data under the prior years? A. Prior to the year 1940 this company

did not write individual contracts, and therefore information only existed after 1940 in this category.

Q. Going over to No. 4, I notice that under the heading of "Group Contracts" the data is assembled under the years 1936 and every two years thereafter, and I will ask why the intervening years do not appear. A. The intervening years were arbitrarily skipped in order to conserve on the amount of work. We felt that every other year would show a representative picture in this category.

Q. I notice that with respect to some of the items in these summaries there is a note which purports to explain why some years were omitted. Now, were those notes placed there by you? A. They were, yes. That is my writing.

Q. Now, Mr. Belfrey, with respect to the summaries made of these three associations, to the best of your knowledge are they accurate summaries of the records of the company? A. The figures and data appearing in these summaries is a minimum amount of examples that actually do exist. They do not cover every example that exists, but they do cover the ones that we were able to locate
318 rather readily, and in some cases we made an exhaustive study of particular years. They do cover a minimum, and actually more examples do exist.

Q. Mr. Belfrey, was a similar study under your supervision made with respect to the records of the Oregon Physicians' Service? A. No, we did not make a study of this nature at the Oregon Physicians' Service.

Q. Did you make any study of the records of the Oregon Physicians' Service which reflected some of the interstate operations of that organization? A. Yes, we did. I recall now that—it has been some time ago. We did examine the amounts of money paid to out-of-state doctors, and in-state doctors.

Q. I show you Exhibit 254 and ask whether this is the result of the study that was made of those records. A. Yes. This is also information that we developed at the Oregon Physicians' Service and the source of purchases of medicines out of the state, and it was prepared by one of our agents.

Q. Was that done under your supervision? A. This was done under my supervision.

Q. Do you recall the agent who worked on that? A. Yes. His name is Al A. Heustedt.

Q. Mr. Belfrey, I show you Exhibit 255 and ask
319 whether this is not a part of that same study. A. Exhibit 255 is part of the same study that we re-

ferred to a moment ago, and it reflects payment to doctors, in-state and out-of-state doctors.

Q. I assume that was made under your supervision? A. Yes, this was made under my supervision, and part of the work papers are mine. Part of them are Agent Heustedt's work papers.

Q. I show you Exhibit 257, which purports to be a study made for certain years with respect to the monthly percentage of the schedule payments to member physicians, and ask whether this is a study based upon the records of Oregon Physicians' Service. A. Exhibit 257 contains work sheets, the information for which was obtained from the Oregon Physicians' Service records. The actual worksheets were prepared by Agent Heustedt. At the time we were both there, and it was done under my general supervision.

Mr. Marcus: That is all.

The Court: 2:00 o'clock.

(Thereupon a recess was taken until 2:00 o'clock, P. M., of the same day, and the following further proceedings were had out of the presence of the Court:)

Mr. Marcus: Let the record show that if per-
320 mitted the Government would have offered into evidence an authenticated copy of an official press release of the Department of Commerce, which reads as follows:

"Department of Commerce
Bureau of the Census
Washington 25

"For release October 4, 1949

"Memo: To Washington correspondents of Portland Newspapers

"A new concept will be employed in the 1950 Census to delineate metropolitan areas of large cities.

"In the 1950 Census the Portland metropolitan area will be made up of the entire counties of Clackamas, Multnomah, and Washington, Oregon; and Clark in Washington as well as the incorporated city of Portland. The old Metropolitan district of the 1940 Census embraced the incorporated city area plus contiguous minor civil divisions in which the population density was 150 or more per square mile. Thus, only parts of counties were included.

"The population of the Portland metropolitan district as shown by the 1940 Census was 406,406 of which the incorporated city accounted for 305,394. Under the 1950 metropolitan area concept—including all four of the counties plus the incorporated city—the 1940 population was 501,275.

"The area of the new metropolitan area will be 3,663 square miles as contrasted with 307.4 in the old
321 district.

"The new concept, devised in association with the Bureau of the Budget and other agencies, is calculated to make possible a more nearly complete economic and social picture of the area because it permits the presentation of important economic statistics most of which are classified on a county basis and not on a minor civil division basis. For instance, the Census Bureau statistics on manufacturing, retail, wholesale trade, and service industries are classified on a county basis, and therefore, the measurement of these activities, together with the product of other statistical agencies may be shown in relation to the population of the area. Furthermore, economic series collected by State and local agencies are seldom available for minor civil divisions.

"It is expected that the new standard metropolitan areas will be widely used for a great variety of business and government purposes. Furthermore, historical series can be developed at once for the standard areas since many data have been collected in the past for individual counties. It is recognized, however, that for certain uses it is important to have population data pertaining to the heavily built-up areas including only the central city and its immediate environs. Consequently, the Census Bureau will set up in 1950 a new measure of the 'built-up-areas' around cities which is expected to be of use in an
322 improved separation of urban and rural population, in aiding the extension of utilities, and in local marketing and distribution. This new 'urbanized area' will consist of all areas contiguous to the city in which the population is 2,000 or more per square mile.

"The Census of Manufacturers (taken in 1948 covering 1947) showed the following results (using the 1950 area) for the Portland metropolitan area:

	1947	1939
"Number of factories	1,297	1,033
Production workers	42,600	26,200
Wages of production workers	$119,900,000	(not available)
Value added by manufacture	$315,000,000	$83,000,000

"GROWTH OF PORTLAND METROPOLITAN AREA

"COUNTIES	Census Years 1900	1910	1920	1930	1940
Clackamas	19,658	29,931	37,698	46,205	57,130
Multnomah	103,167	226,261	275,898	338,241	355,099
Washington	14,467	21,522	26,376	30,275	39,194
Clark (Wash.) ..	13,419	26,115	32,805	40,316	49,852
Total Population	150,711	303,829	392,777	455,037	521,305

323 "Following the 1950 Census, the Census Bureau will issue population figures for the old metropolitan district as well as for the new metropolitan area for purposes of comparability. However, the old concept will be discontinued for future censuses and the new concept embracing complete counties will be employed exclusively.

"Frank R. Wilson
Information Assistant to the Director
Bureau of the Census
Telephone: Sterling 9200, Ex-3443"

AFTERNOON SESSION

Court reconvened at 2:00 o'clock, P. M., Thursday, October 20, 1949.

NORMAN B. BELFREY, a witness produced in behalf of the Plaintiff, thereupon resumed the witness-stand.

Mr. Jaureguy: No cross-examination.

(Witness Excused.)

Mr. Marcus: Your Honor, before I call the next witness I would like to take up with your Honor a problem which is giving me quite a bit of concern. That problem arises from the Plaintiff's Exhibits being offered in evidence at the beginning of the trial, all of them, and Mr. Jaureguy reserving the right to object to those documents, and reserving the right to make specific objections at such time as the paintiff files a statement with respect to the parts of the documents we desire to have admitted. The problem there is this, your Honor: That without knowing at this time what documents Mr. Jaureguy is going to object to, it is difficult for me to know whether or not I should

have witnesses to prove certain matters which, because of certain objections made by Mr. Jaureguy and perhaps upheld by your Honor, I might have to use witnesses for.

Now, because of that, I should very much like to have your Honor consider this suggestion: If we could have a recess of one day, Friday or Monday, of this
325 coming week end, we could, I am quite certain, go through the entire list of documents.

The Court: We will recess on Monday.

Mr. Marcus: All right. Thank you.

Mr. Jaureguy: That is going to be true throughout the trial, as I understand it. There will be no trial Monday?

The Court: We will settle that later. There is an old saying about crossing bridges, and there is another old saying about letting well enough alone.

Mr. Jaureguy: At least, until your Honor tells us otherwise, we don't need to come back on Mondays, as I understand it.

The Court: Next Monday you don't need to be here.

Mr. Jaureguy: I have two little matters right along the line of things that happened this morning. The first is I want to register an objection, when the Court excludes a document, to Government counsel having that document copied in full in the transcript as an offer of proof. It is not necessary to do that as an offer of proof, and it just encumbers the record and makes more work for the reporters and more costs to the parties.

The Court: I am not sure I know what you are talking about. Can you be specific?

Mr. Jaureguy: Yes. The press release issued by one of the departments of the plaintiff since this case
326 started is now being copied in full in the transcript.

The Court: Was that offered as an exhibit?

Mr. Jaureguy: It was offered and rejected, you will remember.

The Court: The one about the census?

Mr. Jaureguy: Yes.

The Court: By whose direction is it being included in the transcript?

Mr. Jaureguy: By direction of Mr. Marcus.

Mr. Marcus: Your Honor, I made that suggestion merely because of convenience. That is a solitary document. We have a great number of documents that have actually been marked, but we have one document—

The Court: If the instance occurs again, you speak of it again, Mr. Jaureguy.

Mr. Jaureguy. Yes. I want my objection to it having been done this time, because as I understand it an offer of proof is just as adequate if you mark it with a number and list it among the rejected exhibits.

The Court: He wants to make it easy for the appellate court to find it, so they won't have to look through 1857 documents that may be in the clerk's office.

Mr. Jaureguy: I want to make it easy for the appellate court not to be confused as to what documents are admitted and what are rejected.

327 The Court: All right. Did you have something else?

Mr. Jaureguy: This morning we had some discussion with relation to Pre-Trial Exhibit 1427, and your Honor asked that a search be made for documents in the same wording, if any more could be found. Mr. Foley has carefully examined this document, and he is satisfied from examination of it that it was a form letter, and that the same letter went to secretaries of other County Medical Societies in the state.

The Court: That means all of them?

Mr. Jaureguy: What is that?

The Court: That means all of them?

Mr. Jaureguy: At least all that are parties to this case. I take it with that assurance we don't need to look for any more copies?

The Court: Mr. Marcus says yes.

Mr. Marcus: Yes, that is quite all right. Surely.

Alfred C. Walsh was thereupon produced as a witness in behalf of the Plaintiff and, having been first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Galassi:

Q. Mr. Walsh, what is your occupation? A. I am a field representative for the Industrial Hospital Association.

328 Q. How long have you been with the Industrial Hospital Association? A. I have been there about thirteen years now.

Q. Will you please state what positions you have held during the period you have been with the Association? A. I would say solely as a field representative.

Q. Will you please describe the nature of your duties as a field representative? A. Our work is selling or solicitation of all firms that would be interested in having hospital coverage, and also the servicing of these various accounts.

Q. When you say "hospital coverage" you mean prepaid medical care accounts? A. Yes, sir.

Q. Do you solicit yourself these accounts for the Industrial Association? A. I do, yes.

Q Do you travel generally throughout Oregon, or are there certain areas or localities which you cover? A. I would say that my work consisted of throughout Oregon. However, I have serviced some accounts in Eastern Washington sections and also Northern California.

Q. Do you keep in touch with these accounts after a contract has been entered into with the Industrial?

329 A. Yes, we do.

Q. As a part of your duties, do you bring to the attention of your superiors complaints and difficulties which arise in connection with these accounts? A. We do.

Q. When you say "we" do you mean— A. I mean I.

Q. You mean you? A. That is right.

Q. Are those superiors Mr. Brunkow and Dr. Moore? A. Yes, sir.

Q. Are you accustomed as a part of your duties to make written reports concerning such difficulties or complaints?

Mr. Jaureguy: I object to that as a leading question.

The Court: Answer it.

A. What was that question, now?

Mr. Galassi: The question was, as a part of your duties are you accustomed to make written reports concerning difficulties and complaints which arise? A. Well, we write some of them, and then we discuss most of them, I would say; mostly discussion.

Q. Do you discuss it with your superiors, Mr. Brunkow— A. Yes, Mr. Brunkow and Dr. Moore.

Q. To your knowledge have such complaints or

330 difficulties arisen with respect to the refusal of doctors to cooperate with the Industrial Hospital Association? A. Yes.

Q. Will you state how long complaints and difficulties of this nature have been coming to your attention? A. Well, I would say for the last seven or eight or nine years.

Q. Would you say going back to about 1940? A. Yes.
Q. And they have continued to come to your attention since that time? A. Yes.
Q. Have these complaints and difficulties been frequent? A. Yes.
Q. Is it a matter of common knowledge in the areas you have covered that doctors refuse to cooperate with the Industrial Hospital Association?

Mr. Jaureguy: I want to object to leading questions.
The Court: Sustained. Reframe that, Mr. Galassi.

Mr. Galassi:

Q. What do you know of your own knowledge concerning the attitude of doctors towards the Industrial Hospital Association? A. Well, I don't know their attitude, really, as far as exact attitude, if you mean likes or dislikes.

Q. You say you have received complaints and difficulties have arisen in connection with these accounts and services because of their refusal to cooperate with the association. You testified to that, didn't you? A. Yes.

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Q. Have these complaints pertaining to that attitude come to your attention in respect to all the areas which you have covered as a field representative?

Mr. Jaureguy: I object to that as a leading question.
The Court: Answer.

A. I would say in practically all of the localities.
Q. When such complaints or difficulties come to your attention in the areas where you operate or which you cover, does the Industrial Hospital Association have you take some action in connection with those complaints? A. Yes.
Q. What action? A. Well, our action is usually to discuss it with the employer or the employee in the operation which we are serving. And, of course, they air their complaints to us, and our thought is to retain the business, and we therefore have to work out some, I might say, procedure whereby the employees are able to receive service when they use a hospital ticket.
Q. Has the Industrial Hospital Association had an account with the St. Helens Pulp & Paper Company of St. Helens, Oregon? A. Yes.

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Q. Referring to the preceding question in which you were asked what action did you take, you testi-

fied that you had to make some kind of an arrangement. Could you expand it a little and tell us what sort of an arrangement. A. Well, I would say that the arrangement that we usually made was to inform the employer and also the employees that when receiving service from the physician, if they refused the acceptance of a hospital ticket, why, that they ask for an itemized statement of services rendered, and in that manner, why, they would forward their itemized statement to our office and we would make the refund for their physician's services.

Q. You mean the employee was to ask for the itemized statement from the physician and the employee was to send it to your company, or the company was— A. In some instances, why, the employee would send it, and in other instances, if it were easier for the employee, he would hand that in to his employer's office, and the employer's office would forward that to our firm for reimbursement.

Q. You said that the Industrial had had an account with the St. Helens Pulp & Paper Company; is that right? A. Yes, sir.

Q. Did you solicit or aid in soliciting that account yourself? A. I aided in the solicitation of it.

333 Q. When was that account first written? A. Oh, I would say probably in 1941 or '42. '41, probably, the latter part of '41.

Q. Did you service that account during the period after that? A. Yes.

Q. Were you familiar with most aspects of the coverage of the St. Helens Pulp & Paper Company employees under this account? A. Yes, sir.

Q. In the course of servicing this account did the question of cooperation and non-cooperation of doctors with the Industrial Hospital Association ever arise? A. Well, I would say that it started almost at once, where we had no cooperation.

Q. Mr. Walsh, I now show you Exhibit 1779, which bears the title, "Medical Service Instructions Addressed to Employees of St. Helens Pulp & Paper Company," which purports to be signed by six persons composing their Hospital Committee; are you familiar with this document? A. I am.

Q. Do you know the approximate date when it was written? A. Oh, I would say about sixty days after we received the contract; probably, oh, from December of 1941.

Q. The contract was written about sometime in
334 the fall of 1941? A. Or either in '42. I am not just exactly sure on the effective date of that contract. It was either 1941 or '42.

Q. To your knwoledge will you relate the circumstances under which that was written? A. As I mentioned before, where we had no cooperation with the physicians or the physicians would refuse to cooperate in the acceptance of Industrial Hospital Association tickets, in order that we could function and also render our service to these employees, why, we felt if we would install a fund there in the office of the St. Helens Pulp & Paper which would suffice to handle the expense of the office calls and the usual cases which the employees would receive there for the services they obtained. So we established this fund in the office, and all of the smaller bills, if I recall right, say up to, probably, $25 or $30, why, those bills were paid in full right there from the fund at the St. Helens Pulp & Paper.

Q. Was that account lost because of these difficulties arising from the non-cooperation of doctors?

Mr. Jaureguy: I object to that as calling for a conclusion of the witness.

The Court: Objection sustained on another ground, that it is leading. Why was that done? Why was that done?

The Witness: You are asking me?

The Court: Why was that done?

335 The Witness: The establishment of the fund?

The Court: Yes.

The Witness: In order to appease the employees. They said, "We are not satisfied; we can't get any service from you people this way." So our thought was, well, if we had the fund there, why, they would have their money at once, and I think that is what they were interested in, mainly.

Mr. Galassi:

Q. Was the account lost by Industrial Hospital Association? A. Yes.

Q. Why?

Mr. Jaureguy: I object to that as a conclusion of the witness

The Court: Do you know why it was lost?

A. Well, it was lost for the reason of absolute— I mean there was no cooperation on the part of the local doctors,

and it seemed to cause so much red-tape and disharmony that I think the men just threw their arms up and said, "We can't stand it."

Q. Do you recall the date when the contract was lost; about when? A. It probably lasted two years.

Q. Does the Industrial Hospital Association have a contract with the Firtex Company of St. Helens? A. We haven't.

Q. Have you ever sought to solicit an account
336 with the Firtex Company? A. I have.

Q. When was that? When did you attempt to solicit such an account? A. I solicited that this year. I will say probably in April of this year, sometime early in April.

Q. What occurred in that connection? A. Well, our solicitation there, why, we were asked by the union to come and explain our service to them, to the employees of the Firtex Lumber Company. And at this meeting I outlined the services which we render on our hospital and medical contract, and they seemed very much in favor of it. However, at the end of their meeting, it was mentioned that they thought that—

Mr. Jaureguy: I want to object to that as hearsay.
The Court: Overruled.
The Witness: I may answer?
The Court: Yes.

337 A. It was mentioned that they hold up any further negotiations on our hospital contract until such time as this suit were finished or trial was over.

Mr. Galassi:

Q. Did they say why?

Mr. Jaureguy: Same objection.
The Court: Overruled.

A. Well, they wanted to see what the attitude of the physicians would be at the time or after the time the suit was over, and they expressed their desire that I see them after that time.

Mr. Galassi:

Q. Has the Industrial Hospital Association had an account with the Sugar Pine Lumber Company of Ashland, Oregon? A. Yes.

Q. Did you solicit or service that account? A. I solicited it and also serviced it.

Q. When was that account written? A. I would say probably in 19—Oh, '41, '42, sometime in there.

Q. To your knowledge did the employees of the Sugar Pine Lumber Company covered by the Industrial Hospital Association have trouble with doctors not accepting their tickets?

Mr. Jaureguy: Object to that as hearsay.

The Court: Answer.

A. Yes.

Mr. Galassi:

Q. Was that account lost by the Industrial Hos-
338 pital Association? A. Yes.

Q. Why?

Mr. Jaureguy: Object to that as a conclusion of the witness.

The Court: Answer.

A. Well, we were called down there on several occasions to see if there was some manner or means whereby we could continue to serve the employees of this company, and at that time I established the same procedure which we have used, that the employees would ask for an itemized bill upon seeing the physician or receiving service from the doctor, and that seemed to help for a while; however, a short time after it was the old red tape and we lost it.

Mr. Galassi:

Q. Will you state what you mean by the "old red tape"? A. Well, it is more or less of a phrase, I guess, that they use out in some of these firms, that it is a lot of hardship to receive service if they happen to have some of the other hospital associations there functioning; in other words, I will say just, oh, the refusal of acceptance of hospital tickets.

Q. About when was that account lost? A. I'd say in '44 probably, '43 or '44.

Q. Have you ever solicited or serviced accounts for the Industrial Hospital Association in the Roseburg or Douglas County area? A. Yes, sir.

339 Q. In the course of such solicitation or servicing of these accounts did the question of cooperation or

non-cooperation of doctors with the Industrial Hospital Association ever arise? A. It arose, yes.

Q. In what way? A. Well, I would say in the way—I might explain firms which we had there, it was extremely difficult for them to receive service with a hospital ticket for the fact that the physicians there would not accept the hospital ticket. On the new business, why, it seemed that there was a fear to sign up with our contracts, sign up under our contract, for the fear of the refusal of the tickets.

Q. Well, have you ever been refused or turned down because of this doctor attitude in that area?

Mr. Jaureguy: Object to that as a conclusion of the witness.

The Court: You may answer.

A. Yes.

Mr. Galassi:

Q. Have you ever lost any account in the Roseburg area because of this attitude of the doctors there? A. We have, yes.

Q. Can you name some of those accounts and the dates, approximate dates, when they were lost?

Mr. Jaureguy: Same objection.

A. Well, I could name one or two probably, but they
340 were smaller ones that you don't, I don't have in my mind right offhand, but I would say the Youngs Bay Lumber Company is an illustration of that.

Q. Do you recall when that was lost? A. Probably '43 '44, sometime in there.

Q. As a result of this attitude has the Industrial Hospital Association had to adopt any unusual practices in order to retain those accounts that it does have down there?

Mr. Jaureguy: Object to that as a leading question.

The Court: Answer.

A. We have used the method there of sort of a revolving fund, as we used in the St. Helens instant, setting up a fund in the employer's office to assume and handle the payments of office calls and services up to a stipulated amount.

Q. Has the Industrial Hospital Association had an account with the Gardiner Lumber Company of Gardiner, Oregon? A. We had for a short while.

Q. Did you solicit or service that account? A. I solicited it and serviced it, also.

Q. When was it first written? A. I'd say about '44.

Q. To your knowledge did the employees of the Gardiner Lumber Company which were covered by the Industrial Hospital Association have trouble with doctors not accepting their tickets? A. Why, they absolutely refused to accept them.

341 Q. Did the Industrial Hospital Association or you take any action as a result of this refusal? A. Well, we used various methods there. We— after speaking it over in our office and figuring out some method of procedure, why, we felt the best way—we had one of the men there accept and receive itemized statements from the employees and forward them to our office, or on occasions I would run down there and I would gather these bills and I would learn the diagnosis on them, and so forth, and bring them back into our office, and we would make a payment to the man himself who had received service. We had notices around the mill there to the extent or explaining how we would handle our service through that method.

Q. When you say you made payments to the man himself, do you mean by check from the home office or do you mean through a revolving fund or do you mean you yourself? A. From the home office. We would make the check and then we would mail them to the man who had received service.

Q. Was this account lost? A. It only lasted three months.

Q. Was it in effect only three months? A. Only three months.

Q. Why was that? A. Well, I get back to the old red tape again, that they just couldn't—I mean, it just couldn't function satisfactorily under that method.

342 Q. Has the Industrial Hospital Association had an account with the Mill B Lumber Company of Coos Bay? A. Yes, sir.

Q. Did you service that account? A. Yes, sir.

Q. When was it first written? A. 1940.

Q. To your knowledge did employees of the Mill B Lumber Company that were covered by Industrial have trouble with the doctors not cooperating or not taking its tickets? A. Yes.

Q. Did the Industrial Hospital Association take any action in connection with this account because of that attitude? A. Well, our situation there was such that—

well, we get back again just to the refusal of the hospital tickets, which caused a furor in the operation and it curtailed my going down there probably, on, once a month, to pick up itemized bills and receive diagnoses of services rendered.

Q. Was this account lost by the Industrial Hospital Association? A. Yes.

Q. When was that? A. I'd say probably '43.

Q. To your knowledge did employees of the Mill B cumstances with which you are familiar which caused the loss of this account? A. Well, I might add or state
343 a circumstance, or almost, I would say, prior to the loss of this account, why, I visited—I would usually visit some of the doctors there on occasions—and on this one visit, why, this physician happened to mention the fact—

Mr. Jaureguy: Object to that as hearsay.

The Court: Answer.

A. —that on the first and following month, why, their own hospital association would function and that we should withdraw from the area. I smiled a little bit and I told him that I didn't think we would withdraw, and he stated the fact that fireworks would start then.

Q. Did he mention the name of that hospital association? A. How is that?

Q. Did he give you the name of what he said was his hospital association? A. It was forming then.

The Court: Who told you that?

A. How is that?

The Court: Who said that to you?

A. Well, that was Dr. Dix.

Mr. Galassi:

Q. Has the Industrial Hospital Association had an account with the Southern Oregon Sugar Pine Company of Medford? A. Yes, sir.

Q. Did you service that account? A. Yes.

344 Q. When was it written? A. Well, I would say probably '37, '38.

Q. To your knowledge did the employees of the Southern Oregon Sugar Pine Company covered by the Industrial have trouble as a result of the doctors not taking the tickets? A. Yes, they did. We were called down there

on several occasions, and also in our usual serving, serving the account, why we were informed that the physicians would not accept tickets and it was causing inconvenience for the men.

Q. Was this account lost? A. Yes.

Q. When was that? A. Oh, probably '41 or '42.

Q. Mr. Walsh, I show you Exhibit 641, consisting of a letter dated January 9, 1944, from Industrial Hospital Association to Mr. Manschreck, to Mr. C. A. Manschreck of the Ray Rookard Logging Company in Reedsport, together with a sample form attached. The first sentence of this letter states: "Our field representative, Mr. Alfred Walsh, has discussed with us the difficulties you are having with the doctors who refuse to accept our Association treatment tickets, and it is suggested that we send you some forms for your use in an effort to get the doctors to extend credit to your employees when they need medical services."

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345 (Exhibit 641 is as follows:)

"January 8, 1944

"Mr. C. A. Manschreck
Ray Rookard
Reedsport, Oregon

"Dear Mr. Manschreck:

"Our field representative, Mr. Alfred Walsh, has discussed with us the difficulties you are having with the doctors who refuse to accept our Association treatment tickets and has suggested that we send you some forms for your use in an effort to get the doctors to extend credit to your employees when they need medical services.

"We enclose a number of typewritten forms which we think might be beneficial along this line and we suggest that you try them out. Along with this form you should issue to each employee going to the doctor one of our regular hospital tickets and be sure that the ticket is completely filled out, particularly with reference to the date the employee first came under coverage and the date to which hospital dues have been paid. We will then guarantee to protect you in regard to any doctor bills incurred for services coming under our coverage. As soon as you receive an itemized statement from a physician for services rendered to one of your employees, if you will forward it to us immediately

we will promptly check the same and send you a
346 remittance to cover the bill. You can then turn the money over to the employee for payment of the bill, or send the money directly to the doctor to make certain that he is promptly paid.

"If the doctors still refuse to accept the introduction slip and ticket, Mr. Walsh will again call to see you with the expectation of having enough time to take this matter up with your individual employees and explain to them the situation and make such arrangements as can be made to enable your employees to obtain medical services.

"While the doctors, since they instituted their boycott against hospital associations, have refused to take hospital tickets, they have given credit to the employees of other companies with which we have medical contracts, so it has not been too inconvenient for the employees. The employees have obtained itemized statements from the doctors, forwarded them to us and we have promptly sent money to the employee with which to pay the bill; and we are hoping that as the doctors become more familiar with your company and its operations, they will follow the same procedure.

"Anyway, let us know what developments may occur and Mr. Walsh will keep in touch with you with the expectation that we will be able to adjust this in some satisfactory manner.

347 "Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

"WTK:NM
Encl."

Mr. Galassi (Continued):

Q. The form attached to this exhibit has a blank space for the date and for the name of the doctor, and I ask you if you are familiar with the letter and the form. A. I am, yes.

Q. Has Industrial Hospital Association had an account with the Ray Rookard Logging Company in Reedsport? A. Yes, sir.

Q. Did you service this account? A. Yes.

Q. When was it written? A. I'd say sometime in '43.

Q. To your knowledge what occurred with respect to the

Ray Rookard account? A. Well, I was called down there several times and advised that they were having difficulty and that the employees were also discouraged and they were incensed that they couldn't receive service with the use of a hospital ticket, so after reporting back to
348 our office and informing them of the situation there at that time Mr. Manschreck said, well, "We have to assure these men that they will have their money if they see the doctor and he refuses to accept the hospital ticket." For that reason is why we made up this little form here as an introduction, more or less, of the man to the doctor and assuring them that the man would pay his bill through the Roy Rookard Logging Company. That is why we used that form. Then the Roy Rookard Logging Company would send this in to us and I would pick them up and get diagnoses and things like that.

Q. Was the Ray Rookard account lost? A. Excuse me?

Q. Was the Ray Rookard account lost by the Industrial Hospital Association? A. No, it just ceased to exist and another man took it over under a new name, or this same man took it over, Manschreck, under the name of the Reedsport Lumber Company. It is a sawmill now; it is not logging.

Q. Do you still have that account under the new name? A. Yes.

Q. Mr. Walsh, I show you Exhibit 644, purporting to be a letter dated June 19, 1944, from the Industrial Hospital Association to George L. Jantzer Lumber Company of Trail, Oregon, Attention Mr. E. W. Pease. The first sentence of this letter reads: "Our Mr. Al Walsh, the field representative who called on you last week, has
349 informed us of the fact that you are considering changing hospital and medical coverage." Are you familiar with this letter?

(Exhibit 644 is as follows:)

"June 19, 1944

"George L. Jantzer Lumber Co.
Trail, Oregon
Attention Mr. E. W. Pease

"Gentlemen:

"Our Mr. Al Walsh, the field representative who called on you last week, has informed us of the fact that you are considering changing hospital and medical coverage. We

wish to assure you that after you have considered all sides of the question, if you believe that your company and your employees will be better served by another company than our Association, you will have our best wishes in any decision you make.

"We appreciate the fact that the effort on the part of medical bureaus to have the doctors boycott our hospital tickets causes inconvenience to our members and we certainly have appreciated the loyalty with which the companies and employees have helped us to combat this attempt on the part of the medical bureaus to monopolize this field of service.

"In one or two localities in the State, the medical
350 bureaus were almost successful in driving out competition, which left them in position to dominate the hospital and medical contract service and run it in the interests of the doctors. Almost without exception where this has occurred, in the course of a comparatively short time the companies and employees who were thus left to the dictates of the medical societies, became so dissatisfied with the services they were receiving, that they invited the hospital associations to come back with their contracts. When you understand that the whole theory of the medical bureau setup is that medical contracts should be run in the interests of the doctors, while our viewpoint is that this service should be run in the interests of the employers and employees who are paying the dues, you will see why employers and employees have found it worth while to stick by the hospital associations in spite of the inconvenience of boycotts.

"This principle shows up when an employee wishes to be transferred from one doctor to another doctor, or when it is advisable to bring an employee to Portland for consultation by a specialist, or when an employee feels that he would be benefited by chiropractic or osteopathic treatments. No difficulty is experienced in obtaining these transfers or these services under our Association; but, when the contracts are being operated by the doctors themselves,
experience has shown that an entirely different situa-
351 tion exists. It is not so easy to change doctors or get the services of specialists, and just try to get the medical doctors to authorize treatments by a chiropractor!

"With very few exceptions, in the areas where these medical bureaus have attempted these boycotts and have attempted to take advantage of wartime conditions when there is a scarcity of doctors to put pressure on employers

to change their contracts, the employers and employees have felt that it was in their interests to resist such attempts and to maintain open competition by staying with their original hospital association contracts.

"These medical bureaus have just as much right to organize and go after this business as we have, but they should do it on an open competitive basis. If they have something better to offer, employers and employees will naturally want to buy it. They should not attempt to force employers to take their contracts by attempting to boycott and refuse services to members of other associations.

"We hope that you can see your way clear to stay with us and help us to defeat these boycotts and while doing this, we assure you that we will do all we can to give you a satisfactory service.

352 "Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

"WTK:nm"

A. I am, yes.

Q. Has the Industrial Hospital Association had an account with George L. Jantzer Lumber Company? A. Yes.

Q. Did you service that account? A. Yes.

Q. When was it written? A. Oh, probably in 1937 or '38.

Q. To your knowledge, will you tell us what occurred with respect to this account? A. I would say probably in about '43 they were experiencing the difficulty with physicians on the refusal of hospital tickets for the employees of that company, so we used the same method there for quite some time, or suggested that they use it, and the foreman thought that it worked out satisfactorily, and that was the method of the itemized statements and sending them in to our office and we would refund the man or the employee of this particular mill.

Q. Was this account lost by the Industrial Hos-
353 pital Association? A. Yes, it is lost.

Q. When was that? A. I would say probably in '45 or the latter part of '44.

Q. Why?

Mr. Jaureguy: The same objection as before.

The Court: Answer.

A. Well, just for the same reason, I might say. They couldn't understand it. The employees were unable to receive service in the usual manner with hospital tickets, and that the physicians there would just refuse to cooperate with them, and with the Association in the acceptance of hospital tickets.

Mr. Galassi:

Q. I now show you Exhibit 648, consisting of a longhand note from the E. K. Wood Logging Department, Scottsburg, Oregon, marked "Received April 17, 1946," and two letters in reply from the Industrial Hospital Association, dated, respectively, April 22 and April 24, 1946. The first sentence of the letter of April 22nd reads:

"Our field representative, Al Walsh, is going to be down your way within the next few days and will see you about the doctor situation. In the meantime, may we point out that we do not have any definite list of doctors as we are allowing our members to receive services from all reputable physicians."

I will ask you if you are familiar with these letters? A. I am familiar with them.

Q. Does the Industrial Hospital Association have
354 an account with the E. K. Wood Logging Department of Scottsburg, Oregon? A. We have.

Q. Do you solicit and service that account? A. I solicit and also service it.

Q. When was it written? A. I would say about '44, sometime in '44.

Q. Would you tell us what occurred with respect to this account of the E. K. Wood Logging Department? A. Well, after the solicitation and installation of the account, the firm informed us that the employees were, I would say, not satisfied for the reason the physicians in that area would not cooperate in the acceptance of hospital slips for the men. So, in that instance, we told them that they could go and select any doctor that they wished around there and that we would reimburse them on an itemized bill and reimburse them in full, in order that they would not have any fear that they might be stuck, I might say, for any differential between the fee and how they were billed.

Q. Do you still have this account? A. We still have this account, but—

Q. Have you had any difficulties? Have you had any diffi-

culties in maintaining it? A. I was going to say that we still have this account but, I would say, the reason probably that we still have it is the fact that we have quite a
355 heavy support of the CIO union there who feel that we should be operating in that section or feel that we should render service there for the men.

(Exhibit 648 is as follows:)

"Recd Apr 17, 1946

"Please send us a list of Doctor that belong to your Assoc around Reedsport, and Eugene. The fellows are being turned down on your tickets, and the Coos Bay Doctors won't take the tickets at all.

"(Dr. Marvin Amick, Reedsport)"

"E. K. Wood, Logging Dep't.
Scottsburg, Oregon"

"April 22, 1946
(in longhand)
Dr. K. C. Eastland

"E. K. Wood, Logging Dept.
Sottsburg, Oregon

"Gentlemen:

"Our field representative, Al Walsh, is going to be down your way within the next few days and will see you about the doctor situation. In the meantime, may we point out that we do not have any definite list of doctors as we are allowing our members to receive services from all
356 reputable physicians. However, some physicians are cooperative and some are not.

"At Reedsport, Dr. Marvin Amick, Osteopath, who recently located there, is quite cooperative. None of the doctors in Coos Bay are accepting our tickets so when any of your employees obtain any service from those doctors they should get an itemized statement from the doctor and if possible get a diagnosis and send the same to us so that we might send the money to the members with which to pay the bill. We make these reimbursements on the basis of our established schedule of fees. To expedite the refund to members, we have prepared some slips which the mem-

bers may use in furnishing us needed information to enable us to make prompt payment. Under separate cover we are sending you a tab of these slips with instructions.

"At Eugene the following doctors have been cooperative: Dr. A. B. Peacock, the doctors at the Eugene Hospital and Clinic, Dr. Lester Edblom, Dr. M. G. Howard, The Walker Clinic, The Rhodes & Lambert Clinic and Dr. L. W. Rutherford.

"If one of your employees should obtain services from a physician in Eugene who will not accept our ticket, he should follow the same procedure as outlined above for the Coos Bay doctors.

357 "Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

"WTK:ad"

"April 24, 1946

"E. K. Wood, Logging Dept.
Scottsburg, Oregon

"Gentlemen:

"In our letter of April 22 regarding doctors who are cooperating with our Association, we omitted the name of Dr. H. C. Eastland at Reedsport. For a time Dr. Eastland was not accepting our tickets, but he now is, so your employees going to him should have no difficulties.

"Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

"WTK:ad"

Mr. Galassi: That is all. Your witness.

Cross Examination

By Mr. Jaureguy:

Q. You have been engaged in this type of work with the Industrial since 1936? A. Yes, sir.

358 Q. I think you said it was about 1940 that you first began having complaints of this kind? A. We have had them on and off.

Q. I beg your pardon? A. We had them from '40 up. We had a few before.

Q. From 1940 up to the present time, you mean? A. Yes.

Q. I think about 1942 is the first date of any contract which you say you lost on account of this trouble. Do you recall any that you lost before 1942 on account of non-cooperation of doctors? A. Well, that is difficult for me to say, any specific account. We may have lost some before 1942, due to that.

Q. These that you have testified to, are those the accounts that you are rather certain you lost on that account? Is that so? A. Yes.

Q. Since 1942, in the territory you serve, has the Industrial ever lost any other account for any other reason? A. I don't think so.

Q. That is the only reason?

Mr. Galassi: I object on the ground that the question is immaterial and irrelevant.

The Court: Answer.

359 Mr. Jaureguy: He has answered, your Honor.

A. I don't think we have.

Q. That is, since 1942, the only account that Industrial has lost—I take it, other than a company going out of business—the only account they have lost has been on account of this non-cooperation by the doctors? A. Yes.

Q. After you lost these accounts, did you ever get any of them back again? A. I would say in that area, no.

Q. What area? You cover Coos Bay, St. Helens, Eugene— A. St. Helens, that is what I had in my mind. I think you were referring to down around Coos Bay.

Q. No. I am referring to the areas that we have been discussing. Did you get any of these accounts back? A. Yes.

Q. How many did you get back? A. All that I can answer is one.

Q. Which one is that? A. Pope & Talbot Lumber Company in St. Helens.

Q. Did you get any back around Eugene? I think you testified to one or two you lost down in Lane County. A. Not to my knowledge; not to my knowledge have we received any back in Eugene.

Q. In one of these letters you looked at comprising

360 Exhibit 644, the letter from Mr. Kirk states in the third paragraph: "In one or two localities in the state—" This is dated June 19, 1944,—"medical bureaus

were almost successful in driving out competition which left them in position to dominate the hospital and medical contract service and run it in the interests of the doctors."

Then Mr. Kirk proceeds: "Almost without exception when this has occurred, in the course of a comparatively short time, the companies and the employees, who were thus left to the dictates of the medical societies, became so dissatisfied with the services they were receiving that they invited the hospital associations to come back with their contracts."

Do you remember that that happened? A. I do not exactly recall that, no, but I imagine what he was referring to is the fact they were slowly driving them out of existence, and that they would probably, I would say, be very happy to welcome them back, with the thought in his mind that if we were all eliminated from competition that the service would probably not be as full—

Q. You mean you construe that language I have read that way? A. That is the way it sounds with me.

Q. When he says "in a comparatively sort time the company and employees who were thus left to the dictates of the medical societies became so dissatisfied with the services they were receiving that they invited the hospital associations to come back with their contracts," did
361 they invite your hospital association to come back with its contract, or was Mr. Kirk mistaken?

Mr. Marcus: I object to the form of the question, your Honor. He should be asked whether he knows.

The Court: He can tell us what he knows.

A. I would like to have you repeat that for me again, Mr. Jaureguy.

Mr. Jaureguy:

Q. "Almost without exception where this has occurred, in the course of a comparatively short time the companies and employees, who were thus left to the dictates of the medical societies, became so dissatisfied with the services they were receiving that they invited the hospital associations to come back with their contracts." A. Well, they have asked us back in certain instances, certain occasions.

Q. The names, then? A. The one I can think of just offhand is, as I stated, Pope & Talbot Lumber Company.

Q. St. Helens? A. St. Helens, yes.

Q. This was written to George L. Jantzer Lumber Com-

pany of Trail. Trail is in Lane County, isn't it? A. Yes.

Q. Give us some more. He says, "Almost without
362 exception." This was in June, 1944, and you have detailed several that were lost before 1944. A. I can't recall any offhand at this time, I would say, with the exception of the Pope & Talbot Lumber Company.

Q. This Exhibit 648 that was shown to you, which is a letter dated April 24, 1946, addressed to E. K. Wood Logging Department, Scottsburg, Oregon, also a letter dated April 22, 1946, to the same company—in the last letter, April 22nd, he says "At Eugene the following doctors have been cooperative: Dr. A. B. Peacock, the doctors at the Eugene Hospital and Clinic, Dr. Lester Edblom, Dr. M. G. Howard, the Walker Clinic, the Rhodes & Lambert Clinic, and Dr. L. W. Rutherford."

The Eugene Hospital and Clinic has about thirteen doctors, doesn't it, or do you know? A. I don't know.

Q. You don't know? A. That is still out of my department.

Q. That is quite a group of doctors to be able to handle? A. I would say that was fairly good.

Q. Did you keep that company? A. We still have it, yes, but Eugene, you see, is—

Q. —quite a ways? A. It must be 60 or 80 miles from Scottsburg, 60 miles, I guess.

Q. Do you know these doctors listed here, Dr. A. B. Peacock? A. He is the only one that I know slightly.
363 Q. He used to be at Coos Bay? A. That is right.
Q. Lester Edblom? A. I don't know him.

Q. He is chief of the staff, I think, of the Sacred Heart Hospital in Eugene. A. I have heard of him, but I am not acquainted with him.

Q. Now, in Exhibit 641, which you were shown, a letter to Mr. Manschreck, at Reedsport, he says: "While the doctors have refused * * * to take hospital tickets, they have given credit to the employees of other companies with which they have medical contracts, so it has not been too inconvenient for the employees."

Do you agree with that statement? A. I would like to have you repeat that.

Q. That the doctors "have given credit to the employees of other companies with which we have medical contracts, so it has not been too inconvenient for the employees." A. I don't know what he is referring to there, unless if the employees were under some other association and they signed up with our association, we would allow them credit

of time which they were under the other association, then, if they came under us. That sounds like what it is referring to.

Q. No, it says: "They have given credit to the employees of other companies with which they have medical contracts, so it has not been too inconvenient for the
364 employees." A. Where is that here?

Q. It is down there at the bottom of the page. A. Down near the bottom?

Q. It is a little hard to read that photostat. A. Yes.

Q. I could probably help you read it. A. Yes.

Mr. Jaureguy: Oh, yes. The last paragraph on that page.

The Court: Mr. Jaureguy, I am returning to the Clerk two copies of Fortune Magazine referred to in the Government's brief. I just don't want you to think the Government and I have any secrets, and I hand them back to him. Maybe you would like to read them.

Mr. Jaureguy: I would like to read them.

The Court: Recess.

(Recess.)

365 Mr. Jaureguy:

Q. The question I think I was putting to you, Mr. Walsh, was whether you agree with Mr. Kirk's statement that he made in January, 1944, that where the doctors haven't taken tickets they have given credit to employees, so it has not been too inconvenient for the employees—whether you agreee to that? A. In my answer originally, why, I didn't exactly understand that, but I see what he was referring to now. That was the fact that he was informing Mr. Rookard that the physicians had extended credit to their employees. In other words, why, he gave them an itemized bill.

Q. That is, in your experience you have not found that the doctors insisted that the patients pay cash on the line when they get their treatment? A. On some occasions, why, we have had to make full refunds of certain bills where the individual had paid. Now, I don't know whether the physician insisted that they pay cash, or anything like that.

Q. You say where the employee had paid, but you don't mean to say that he paid the day he got the service or anything of that kind? A. I would say he probably had paid when he received the service. It might not have been

the same day. I don't say that the physician insisted that he be paid.

Q. But the usual procedure where the doctor did
366 not take tickets or does not take tickets is in the due course of time for him to send a bill to his patient, isn't that right? A. Yes.

Q. And then for the patient either to hand it over to his employer or send it to you? A. That is right.

Q. Now, at Gardiner, where you got the Gardiner Lumber Company in 1944, that is a small town down near the Coast in Douglas County? A. Yes.

Q. Do you know about how many doctors there are in Gardiner? A. There was one there, I think, at the time.

Q. Before you went to the Gardiner Lumber Company to solicit its business, did you go and inform the doctor that you were out brokering his services? A. I didn't see the doctor.

Q. You didn't see the doctor? A. No.

Q. It is, as I understand it, your business to sell doctors' services to the doctors' patients, but you don't represent either the doctors or the patients? A. Well, no. I wouldn't say that we are selling the services of the physician.

Q. Oh. A. We are selling services—I would say benefits in the contract which we are offering these men.

367 Q. Don't you think that the doctors' services is one of the benefits, large or small, in your contract? A. Well, he enters into it.

Q. You mean in a kind of remote way? A. Well, he enters into the actual—I suppose the actual repair of the man or repair of his illness. But we don't sell the man the fact that we are selling a physician's services.

Q. What is that? A. We don't inform the man when we are selling this contract or installing the contract—we don't inform those indviduals that we are selling physician's services. I mean that doesn't enter our mind.

The Court: How could you ever get a contract in Gardiner if instead of there being one doctor there, one contract doctor, there hadn't been any?

A. If there had been none there?

The Court: Had been none.

A. Well, we would have entered into the contract just in the same manner. And if they asked us where they would

receive a physician's services, why, we would refer them to Coos Bay and the nearest towns.

The Court: How far away would that be?

A. Well, Coos Bay is probably 30 miles from Gar-
368 diner. However, Gardiner is only about one mile and a half from Reedsport, where there was a doctor there.

The Court: Suppose there hadn't been any there?

A. Well, then we would say the nearest point where they could receive service in the event of sickness or accident.

Mr. Jaureguy:

Q. Then you went to Reedsport the same year—I don't know whether it was the same month—and entered into this contract at the Roy Rookard Logging Company. Before you went and entered into that contract did you go and discuss it with the doctor whether he was willing that you enter into the contract that involved him rendering the service to his own patients? A. Well, I have never felt that—I mean in the solicitation of my business I have never felt that way. I mean I would not go up to see the doctor and say, "Well, now, we are going to sign up this firm over here; that they are interested. Is it all right with you?" I mean that didn't enter my thought or my mind so much. I was installing a hospital contract.

Q. Even after you learned from the experience which you have related here that some of the doctors didn't like the idea of your taking their patients away from them and putting them on a schedule of fees, which would involve the doctors giving the services at a set of fees that are set by laymen, even then it didn't occur to you that you ought to take that up with the doctor ahead of time? A.
369 Well, I always felt that our fees were adequate. They were not much higher, or they were no higher or no less—I would say usually—than his own private fee. And out in the smaller communities, why, I would say their fees are just about the same as our schedule.

Q. Did you at Gardiner or at Reedsport, where they only had two or three doctors, first go around to the doctors and find out from them what their schedule of fees was? A. No.

Q. No. A. In fact, I informed the men there that the doctors there would not take their tickets in selling this business to them.

Q. I am sorry, I didn't get that. A. I say, I explained to the men of that firm that the physicians there in Gardiner would not accept our hospital tickets.

Q. That was in 1944? A. That was when we sold the contract.

Q. How did you learn that they would not take the tickets? A. Well, they had not been accepting them.

Q. But you had other accounts down there? A. Well, we had like Mill B down in Coos Bay.

Q. I am talking about the doctor at Gardiner. A. Well, they are on the same doctor setup there. I mean
370 they are all in the same group, or their own society, that particular area.

Q. You mean they all practice in a radius of thirty miles of each other? A. Yes.

Q. One is in Coos Bay, which is in Coos County, and the other is in Douglas County. A. Yes.

Q. You mean because some of the doctors in Coos County would not take your tickets you assumed that the doctor at Gardiner and the doctor at Reedsport wouldn't? A. Well, I didn't assume. I knew.

Q. Oh. How did you find out? A. Well, I called on one doctor down there—I think it was just at the time of signing up that contract. However, this doctor was not in Gardiner. She was in Reedsport.

Q. Oh, you asked the doctor in Reedsport about the doctor in Gardiner? A. No, no. I asked the physician in Reedsport if she would accept hospital tickets. She was a stranger there, and I thought that she might.

Q. What did she say? A. Well, she said, "I am new here, and I will have to see the doctors down there first before I do anything."

Q. "Down there", you mean at— A. In Coos
371 Bay. So within a short time after that, why she wouldn't accept any hospital tickets, and that was all.

Q. Was that conversation had before or after you sold this Rookard Logging Company? A. I would say after.

Q. After. You sold first, and then you talked to her? A. Yes.

Q. You didn't ask her what her schedule of charges was? A. No. I showed her our fee schedule, though, and she said she thought it was very nice.

Q. Now, at any other place where you have ever sold doctors' services have you first consulted the doctors about it? A. I don't know of any.

Q. Were you ever given any instructions from your superiors one way or the other on the subject?

Mr. Marcus: Your Honor, may I object to this line of questioning on the ground of irrelevancy.

The Court: Objection overruled.

The Witness: How was that again?

Mr. Jaureguy:

Q. Were you ever given any instructions one way or the other by your superiors on the subject? A. No. It was usually just in the field in which you were working, if I could have used my initiative in going to see the doctors to see if they would handle hospital tickets, because that was really our only thought, was to have
372 them handle or accept a hospital ticket. If I knew that they would, why, I wouldn't even bother seeing them, because I didn't think there was any use of seeing them.

Q. Seeing "them"? A. Seeing the doctors.

Q. Well, if you knew in advance that the doctor in Gardiner would not take tickets, why did you sell the contract—A. Well, I figured they would probably use service elsewhere if he would refuse to accept the ticket, and I also felt that he would bill them on an itemized bill.

Q. Where do you mean, elsewhere? Where would they go? A. Well, I would say Coos Bay or at Reedsport.

Q. You just got through saying at Coos Bay and Reedsport they would not take the tickets. A. Well, we have an osteopath situated in Reedsport.

Q. You figured that is where they would go? A. He would accept any ticket.

Q. Did you tell the men when you were selling them the contract that they would have to get their services from an osteopath and could not go to M.D.'s? A. They asked me if his services—if they could use his services, and I said yes.

Q. Now, will you answer my question. Did you advise them that they would be restricted to going to an osteopath and could not go to an M. D.? A. No.

373 Q. And the reason you didn't was because you knew that it would work out all right, even though the doctor did not take the tickets; is that right? A. I knew if he billed them on an itemized statement, why, we could probably function.

Q. I don't know whether this is a proper conclusion to draw or not, but does that mean when you sold them the

contract you had serious doubts as to whether it would work out? A. No, I thought it might work.

Q. Yes. And it did work, didn't it? You kept it until that company went out of business? A. No, no. We only had it for three months, and they said they couldn't stand it any longer.

Q. I am talking about the Roy Rookard Lumber Company now. A. Oh, I thought you were talking about Gardiner.

Q. I was talking about both of them, really. My mistake. There was just one doctor in Gardiner, I think you said? A. Yes.

Q. He wouldn't take tickets, and you knew in advance he wouldn't take them, and you never spoke to him in advance and then lost it. I wonder if you have ever considered whether in going to a small community like that, the failure to give the doctor the courtesy of speaking to him before you sell the services has some influence on the doctors not cooperating with you in the way in which you would like to have them cooperate with you?

374 Mr. Marcus: I object to that, your Honor, as calling for a conclusion.

The Court: Objection overruled.

Mr. Jaureguy:

Q. Had you ever considered that? A. Well, no. In this instance I would say the men there used this local doctor. In fact, I don't know whether he was even there at that time or not. He may have been or not. But I would say that the majority of them received their services over in Coos Bay, because they had some facilities there. They have a small hospital, and they have all that they should have there to render service. Now, if that physician in Gardiner was still in Gardiner, I don't know.

Q. Well, you surely didn't expect every time a man got a stomachache for him to go down to Coos Bay to get some pills, did you? A. No, not necessarily.

Q. I had in mind rather a general proposition. I am not restricting it to Gardiner now or to Reedsport or to any of these towns. The question is whether or not you have ever considered the possibility that your failure to be courteous and talk to the doctors before you sold their services might have had some influence in them not cooperating.

Mr. Marcus: I object to that question, because it as-

sumes something which has not been brought out with this witness—courtesy to doctors.

375 Mr. Jaureguy: This witness has already testified that his practice is to go into communities and sell doctors' services without discussing it with them.

Mr. Marcus: What has that got to do with courtesy?

The Court: Objection overruled.

Mr. Jaureguy: That is what I call courtesy, to speak to a man before you sell his services.

A. Well, I have never felt like we were selling his services.

Q. So you have never considered that question as to whether some of the antagonism of doctors or the non-cooperativeness of doctors has arisen because you have sold a contract in his locality without first discussing it with him? A. I would say no, that there should be no animosity on their part.

Q. Of course, I take it you realize that before you go into a community with two doctors, say, that those doctors, generally speaking, before you go in there have been taking care of the people that live in that community?

Mr. Marcus: I object to that question as calling for a conclusion.

The Court: Overruled.

A. Well, I have always felt that we were more or less assisting the physician myself, in my own mind. We are not selling services to him. We are selling care.

376 Q. I understand that is your position, so I have left that subject now, and I am talking about something else, and I would like to ask you to discuss it with me. That is, you realize, of course, that when you go into a community with two doctors, say, and sell a contract, that before you sell the contract, the business of those two doctors is to take care of the ills of the people in that community. That is correct, isn't it? And after you sell the contract, the business of the two doctors is to take care of the ills of the community?

Mr. Marcus: Your Honor, I object again. How is he to know what the business of the doctors is? That calls for a conclusion, and besides is utterly irrelevant.

The Court: Objection overruled.

Mr. Jaureguy:

Q. You agree with what I have said, with both those

statements, don't you? A. You will have to repeat that again.

Q. Before you go into this community with two doctors, the business of those two doctors is to take care of the ills of the people of the community, assuming they are practicing their profession? These nods that you give don't go into the record. You have to say "Yes" or "No". A. Yes.

Q. Yes, except after you sell it, then you want them these doctors is also to take care of the ills of the
377 people of the community? A. Yes.

Q. Yes, except after you sell it, then you want them to render their services in accordance with the plan of Industrial Hospital Association? A. Yes.

Q. But you still don't think that it would be a courtesy to them to remind them or to call their attention to your proposed change in the method in which they render their services? A. Well, the only way I can answer that is to say to you, in the early days we discussed that with them more.

Q. Beg pardon? A. I would say in the earlier days of this hospital association business, why, you would probably see a physician and you would discuss that with him a little bit.

Mr. Marcus: Your Honor, I would like to call this to your attention: That if your Honor would look at the transcript of the disciplinary proceedings of Dr. Moore you will find that one of the things the Association was charged with was that some of the men apparently had seen some of the doctors.

Mr. Jaureguy: I will argue that any time the Court wants to hear argument on it.

The Court: Proceed with the question.

Mr. Jaureguy:

Q. In the old days you did talk to the doctor in
378 advance. You are talking now about '36 to '40, I take it? A. I would say back in '36. That is when I started to work there.

Q. Well, in the early days what you did was this, wasn't it: You would go into a community with four or five doctors that were taking care of the ills of the residents of that community, and, more specifically, the ills of the workmen in a certain plant and distribute it among the doctors, and then you would go to one doctor and you would say,

"We would like to make an agreement with you whereby these men that have been the patients of all five of you will hereafter come to you and you will work for us."

Mr. Marcus: Your Honor, I object to that question on the ground it is outside the scope of the direct examination.

The Court: Objection overruled.

A. I have never made such a statement in seeing doctors. At that time when we were out in the field, why, the atmosphere was a little different. Now, I don't know about those special deals, but at that time, why, physicians were friendly and they were cooperative, and so at that time that I started to work there, why, it was natural as I would go along with my other work I would call on a physician, and I would just say, "How do you do? How is everything going?"

Q. Fine. A. And then when I would sell any par-
379 ticular business in that locality, it didn't enter my mind to at that time ask the physician if it is all right if I sell this new mill that is moving in over here. It wouldn't enter my mind because our business had been there and was installed, and I would go and sign up the new mill. They seemed to like it.

Q. And this cooperative and friendly attitude continued until when, about '41? A. It continued on, I would say, to probably around '38 or '39 or '40.

Q. '42 is the first date, I think, that you have given where you lost accounts. A. Well, around in that area.

Q. 1940 you testified is the first date that any of these troubles started to come. So up to about that time, anyway, it was much different than it is now, it was rather cooperative? A. Yes, there was a certain cooperation.

Q. Well, whether you talked to the doctor, one of the five or six in the community, or not, the result of what you did was to take patients of the six doctors and when you got all through those patients were going to one of the six?

Mr. Marcus: Objection, your Honor, calling for a conclusion.

380 A. No.

Mr. Marcus: And I would just like to register an objection to the general line of questioning, so I won't have to get on my feet again.

The Court: Objection overruled.

A. In all of these areas the employees under our protection, they had free selection of doctors. We did not specify any certain particular doctor.

Mr. Jaureguy:

Q. I am talking about '36. A. I would say around that time.

Q. Didn't you have a closed panel then of just certain doctors they could go to? A. In the city here I would say it was sort of a closed nature, but not absolutely locked up.

Q. You do? What about Oregon City, was it— A. Well, that was after '36, I think, sometime.

Q. Was it locked up at Oregon City with just a couple of doctors? A. No, it was open up there. They used all the doctors there.

Q. But they were just a kind of first-aid station up there, weren't they, in '36; they would get the patient, and if there was anything really bad with him they would send him to Portland? A. I am not fully familiar with it, but I would say No. I think they handled most of the work right
381 there.

Q. And you think in all these small towns there was an open panel in those days just like there is now? A. Well, ever since I have been, it has been open.

Q. And so the difference between those days and the present days is only—that is, the difference between 1936 and '40, to '40, and the present time, is only the cooperativeness of the doctors? A. Yes, that is right.

Q. You mean that in 1936 you had contracts that would permit the employee to go to the doctor of his choice? A. Yes.

Q. The contracts are all in this file, I think, and we will check— A. I think they read—they might say "designated physicians".

Q. Yes. A. But they even read that way up to probably, oh, one year ago, which hasn't been a fact.

Q. Well, did you ever—you probably knew, you were servicing Medford,—you probably know that in the fall of 1936—I beg your pardon, in September, 1941,—the Medical Society at Medford passed a resolution as a result of which a letter was written to the California-Oregon Power Company complaining because all the doctors in Medford weren't on the list and insisting they all be put on the list. Do you remember that incident? A. No.
382 Q. You don't remember that? Were you servicing that California-Oregon Power Company at that time?

A. In '41?